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# China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

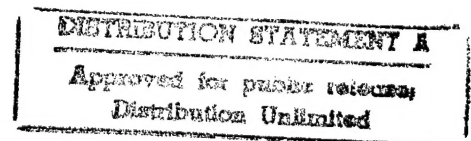
RED FLAG

No 22, 16 NOVEMBER 1986

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## CHINA REPORT

### POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

#### RED FLAG

No 22, 16 NOVEMBER 1986

[Translation of the semimonthly theoretical journal RED FLAG of the Central Committee of the Communist Party of China published in Beijing.]

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## PAY ATTENTION TO ERADICATING THE IDEOLOGICAL ROOTS OF UNHEALTHY TRENDS

Beijing RED FLAG in Chinese No 22, 16 Nov 86 p 2

["Forum"]

[Text] Improving the party style is the requirement of strengthening the building of spiritual civilization inside the party itself as well as in the whole of society. Reviewing the experiences over the past few years, the key to improving the party style lies in attaching importance to resolving erroneous inner-party ideological style. Man's behavior is governed by his ideology. The unhealthy tendencies of various descriptions that have emerged are accounted for by the fact that new conditions and problems arise in the ideology style inside the party when the party is in power. There is a world of difference between a party in power and one not in power, in their environment and conditions. When the party is in power, our party members no longer face the danger of losing their lives as they did when the party was underground. Moreover, those cadres who are party members have power. To some people, this means a condition for seeking personal gain. At the same time, people lavish praise on them, curry favor with them, and laud them to the sky. Besides, with the implementation of the policies of opening up to the world and invigorating the domestic economy, decadent bourgeois ideas will sneak in by taking advantage of the situation, and the dregs of feudal ideas will turn up. All this will inevitably give rise to all kinds of erroneous ideological style and conduct in violation of the law and discipline among some weak-willed people in the party, and even some veteran cadres of long standing. It is precisely due to the functioning of some erroneous party styles inside the party that new unhealthy tendencies keep emerging when several erroneous tendencies have been checked. Unhealthy tendencies are a manifestation, while erroneous ideological style is the root cause. To rectify party style, it is necessary to consider the basic problem of correcting erroneous ideological style. This is not empty talk or abstract theory, but a very practical question. Only when this problem is grasped, will the key to the problem of the party style be grasped.

What are the major problems of ideological style inside the party to be emphatically resolved at present? One is the individualist ideological style typical of the "abuse of power." The other is the grave bureaucratic ideological style that deviates from the spirit of working conscientiously for the party and serving the people. Still another is the ideological style



of liberalism characterized by lack of the sense of organization and discipline. All forms of unhealthy tendencies that people see at present can be said to be connected with, and governed by the above-mentioned erroneous ideological styles. Party organizations and departments of discipline inspection at all levels should bear the responsibility to study them earnestly, draw up plans, take measures, and adopt efficient forms and ways to correct those erroneous ideological styles.

No political campaign is involved in resolving the erroneous styles inside the party, and the key is to take a good grasp of education in party spirit, party style, and party discipline, and to upgrade the political and ideological qualities of party members. It is entirely necessary to solemnly investigate and handle those cases violating law and discipline, and this work should be grasped firmly and well. However, even when this is done, the work of rectifying the party style is only half done. The remainder of the work is to analyze those cases, to point out the ideological root causes of those mistakes, and the lessons that should be drawn, and to conduct education on a wide scale inside the party by making full use of those negative teaching materials. It is also necessary to set up and to make complete and perfect the rules and regulations. Without a comparatively complete and perfect set of rules and regulations, a normal order and unified behavioral norm inside the party will be impossible. We must work hard to reform and to make complete and perfect the party organization and work systems. Party discipline should be exercised strictly and the inner-party supervisory system, and the people's supervisory system should be set up and made complete and perfect, so that the leading cadres at all levels may be efficiently supervised. However, all rules and regulations have to be implemented by people, and only when the completion and perfection of rules and regulations is linked with stepping up ideological education will rules and regulations be efficient. Besides, rules and regulations cannot be drawn up so specifically as to include a complete code for people's speeches and behavior. Some matters are beyond the realm of rules and regulations, and some people who are not so good in their ideology may even go in for unhealthy tendencies by taking advantage of some rules and regulations. All this can be resolved only by stepping up ideological education and the concept of party spirit of party members. Only when the ideological style of the party members is rectified, when their concept of party spirit is fostered, when we have comparatively complete and perfect rules and regulations, and when law and discipline are strictly implemented, will it be possible to continuously reduce unhealthy tendencies, and to gradually eradicate them. Only then, will it be possible to promote the development of the building of socialist spiritual civilization.

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## GIVE PLAY TO THE EXEMPLARY VANGUARD ROLE OF PARTY ORGANIZATIONS AND PARTY MEMBERS IN BUILDING A SPIRITUAL CIVILIZATION

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 3-6

[Article by Qiang Xiaochu [1730 2556 0443]]

[Text] In the "CPC Central Committee's Resolution on the Guiding Principles for Building a Socialist Spiritual Civilization," adopted at the 6th Plenary Session of the 12th CPC Central Committee, it is pointed out that: "In building a spiritual civilization, party organizations at all levels and party members are duty-bound, first, to try to raise their own cultural level and, in particular, to improve the work style of the party; and second, to work hard and set a good example, thus helping to mobilize the people and advance the society-wide effort to build a spiritual civilization." Thus, party organizations at all levels and party members should, by playing an exemplary role, strive to fulfill their important tasks in building the two civilizations and, in particular, in improving the Chinese nation's ideological, moral, and cultural qualities and scientific knowledge.

### I

In building spiritual civilization, party organizations at all levels should first duly play the role of units at the core of leadership.

At the core of leadership, the most important task of the party is to strengthen ideological and political leadership, to ideologically prop up spiritual civilization, and to use Marxism and Mao Zedong Thought to guide the direct ideological, moral, and cultural construction and cultivation of democratic ideas and ideas about the legal system in building spiritual civilization. At present, to invigorate the party's leadership, it is necessary to strengthen Marxist theoretical construction on the basis of China's socialist modernization and comprehensive reforms. On the other hand, we should, by assimilating the latest scientific achievements, try to enrich and develop Marxism. This is a formidable task confronting our party. Those people who think that Marxism is "outdated" and who blindly admire certain bourgeois philosophical systems and sociological theories have an incorrect attitude. There is indeed a need to reject the wrong idea that Marxism is a rigid set of dogmas. If we stick to a dogmatic attitude in the course of the reforms, we will lag behind mass ideological development and

could bring about ideological confusion among the people. Party organizations and party members must understand this clearly. To develop Marxism, it is necessary to earnestly study it. If we do not earnestly study it, it will be impossible to develop and adhere to it. Thus, communist cadres, particularly those leading cadres and those responsible for ideological work, should take the lead in earnestly studying Marxism.

Since the party should play the role of a unit at the core of leadership in building the spiritual civilization, party organizations at all levels should free themselves from routine daily administrative work and concentrate their energy on party building and the building of spiritual civilization. Some people tend to think that since economic construction is the party's central task, party committees at all levels and, in particular, their secretaries, should immerse themselves in economic affairs. This idea is one-sided. Although economic construction is the party's central task, it does not imply that party committees at all levels and their functional departments should concentrate their energy on economic work. They should mainly concentrate their energy on party building and the building of spiritual civilization in order to ensure and give impetus to the development of economic construction, thus more effectively and efficiently fulfilling the party's central task. Thus, party organizations at all levels should try to bring about radical changes in their thinking and in their work styles and methods. It is necessary to go deep into the realities of life, to mix with the masses, to study the rule-governed nature of the building of a spiritual civilization with reference to new circumstances and new problems, to adopt the appropriate measures, to organize and mobilize various forces, to harmonize the relations between various parties, and to make concerted efforts to give impetus to the building of spiritual civilization.

Second, in building spiritual civilization, party organizations and party members should play the role of an organizer-mobilizer.

It is the duty of party organizations and party members to mobilize the people into participation in the great cause of building the two civilizations. Regarding the problem of how party organizations and party members should play the role of an organizer-mobilizer in building the spiritual civilization, the "Resolution" has introduced some very important principles and correct methods.

Ideological and political work is a guarantee of success in our economic work and in building socialist spiritual civilization. Thus, it is suggested in the "Resolution" that we should adapt ideological and political work to the requirements of the new period by exploring new possibilities. Given the comprehensive reforms and the opening of the country to the outside world, ideological and political work will become diversified. In order to effectively and efficiently organize and give impetus to the building of spiritual civilization, party organizations at all levels and party members should change their monotonous and rigid methods and explore new possibilities in ideological and political work. They should, as pointed out in the "Resolution," try their best to avoid empty talk, do things in a systematic and orderly manner, and should not neglect the majority.

The ultimate ideal of our party is to build a communist society in which the principle "from each according to his ability, to each according to his needs" is applied. For communists and other advanced people, this ideal has been, and will always be, a source of strength and moral support. However, during the period when we were guided by a "leftist" ideology, the ultimate goal was stressed at the expense of short-term objectives and we shouted vague slogans without being aware of the time relevance and comprehensive nature of ideological and political work and the fact that it is multilayered. Thus, ideological and political work became very monotonous and uninteresting. Since the 3d Plenary Session of the 11th CPC Central Committee by earnestly proceeding from reality, the party has been able to draw in people with varying degrees of political consciousness and to raise the general standard. In addition, it also has tried to combine its ultimate goal with realistic objectives with a view toward uniting, mobilizing, and organizing the people of various nationalities. The resolution adopted by the 6th Plenary Session of the 12th CPC Central Committee calls for the use of common ideals to unite with all forces that can be united and to enable them to participate in the building of the two civilizations. Regarding the problem of handling the relationship between cultivating communist ethics and cultivating socialist ethics, it is pointed out in the "Resolution" that party members, and leading cadres in particular, should set an example by blazing new trails, devoting themselves entirely to the interests and happiness of the people and, when necessary, giving expression to their marvelous communist ethical values even at the cost of their lives. In addition, considering the fact that China is still at an initial stage of socialism, the "Resolution" calls for an effort to educate the people in socialist ethics with the "love for five things" as a basic requirement.

In organizing and giving impetus to the work of building socialist spiritual civilization, party organizations at all levels and party members should focus their attention on construction. The building of a spiritual civilization involves ideological and ethical construction on the one hand and educational, scientific, and cultural construction on the other. To be able to focus our attention on construction, it is necessary to immerse ourselves in educational, scientific, cultural, ideological, and ethical construction. In the past, under the guidance of a "leftist" ideology, we stubbornly stuck to suppression and coercive means in ideological and ethical construction. The fact is that we could not solve even a single problem by resorting to suppression and coercion. As soon as they were abandoned, some seemingly "extinct" things reappeared. Some people blame the reforms, the opening-up policy, and revitalization for all this. This is incorrect. All this has precisely proven that such practices have been a failure. Stressing construction in the ideological and ethical domains means at least two things: First, it is necessary to steadily indoctrinate the masses with new values, new modes of thinking, new moral standards, and a new code of conduct that are compatible with socialist modernization and to discard outdated concepts and moral standards. And second, it is necessary to provide an excellent environment, both ideologically and in terms of public opinions, for the introduction and development of these new concepts and new moral standards. A good ideological and public opinion environment means the complete abandonment of coercive means in ideological and political work and that we should always

employ the methods of discussion, reasoning, criticism, and self-criticism--that is, the methods of persuasion and education--in addressing ideological problems.

Third, party members, and the party's leading cadres at all levels, should play an exemplary role in building the spiritual civilization.

Facts have proven that where people do well in building the spiritual civilization is always where party members satisfactorily play an exemplary role and where there are vigorous party organizations and that where people do poorly in building the spiritual civilization is always where party members do not play an exemplary role and where there are only weak and even impotent party organizations. The "Resolution" requires party members to always set an example for the masses by doing five things, that is by working diligently and being eager to learn and make progress, by renouncing empty talk in favor of practical work, by devoting themselves to the reform program and daring to innovate, by safeguarding the people's interests and leading them toward prosperity through honest labor, and by observing law and discipline, opposing malpractices of any kind, and fighting against crime. In other words, they should make themselves models in the nation's effort to build the two civilizations. In a certain sense, this "playing an exemplary role by doing five things" is both a supplement to and a development of the criteria for party membership provided in the party Constitution adopted at the 12th CPC National Congress. Based on the new requirements entailed by the building of the two civilizations under new circumstances, this supplement and this development are more adequately descriptive of the qualities a Communist Party member must possess in the new historical period.

In the course of building the socialist spiritual civilization, the party's leading cadres, those senior ones in particular, should play an exemplary role, make their deeds match their words, be good teachers, and be the people's good models. Comrade Hu Yaobang said in a speech he delivered on 9 April this year: "An exemplary role on the part of leading cadres is the most effective method." An exemplary role is a source of strength. "If one does not play an exemplary role, people will not follow one; and if one does not take the lead in anything, one should keep one's mouth shut." Social customs can improve only if party members and, the party's leading cadres in particular, play an exemplary role, are strict with themselves, set an example, and are upright. And only by doing all this can they project, as every communist should, the image of an advanced person in front of the people. Persistence and awareness are the most important things in the exemplary role expected of leading cadres. It is not difficult to play an exemplary role in doing one thing or for a short time. But it is difficult for one to play an exemplary role throughout one's life.

## II

The party as a whole should properly play the role of a unit at the core of leadership, the role of an organizer-mobilizer, and an exemplary role in building the spiritual civilization. Its first and most important task is to cultivate a good party style. Thus, the cultivation of a good party style



can be said to be the key to the building of the spiritual civilization. Whether the building of the spiritual civilization will be a success or a failure depends on whether the party style is good or bad. To have good social customs, it is first necessary to have a good party style. Only with a good party style can we provide a good environment for building a socialist spiritual civilization and for its steady development.

Because of various historical factors and the present conditions, there are still undesirable and corrupt practices among our party members. Some party members and some party cadres are individualistic ideologically, liberalistic organizationally, and seriously bureaucratic in their work. In addition, some of those unhealthy tendencies that are detrimental to the country's and the people's interests have not been thoroughly eliminated. Thus, we must avoid overrating the success in rectifying party style and should try our best to prevent laxity and complacency. There are people who think that now that the unhealthy tendencies in party and government organs have been basically checked, many important and serious cases have been cracked, we have embarked on rectifying the style in various trades, and leaders have improved their styles, one can say that we have fulfilled all our tasks. This view is very incorrect. We have yet to make great efforts to cultivate good party style. We have not successfully fulfilled quite a number of our tasks and we still fall short of the people's expectations. The cultivation of good party style is an urgent task. However, it is also a long-term formidable task. In building spiritual civilization, the party is involved in a complicated struggle against the pernicious influence of feudalism and corrosive, corrupt capitalist ideas. All this cannot be done overnight. As pointed out in the "Resolution," "throughout the long process of reform, opening to the world, and modernization, we shall have to resolutely continue the struggle to stamp out malpractices."

Now, to cultivate a good party style, it is necessary to focus our attention on improving the party's political quality. In recent years, some of our party members have made mistakes or even fallen into the abyss of crime. Their three main misdeeds are: First, they have been unable to properly use the power they are vested with; second, they have been unable to resist the temptation of money; and third, they pursue the corrupt living style of the bourgeoisie. Thus, to further educate party members in party spirit, party style, and party discipline, to inspire them with the lofty communist ideals, and to firmly bear in mind that the party's purpose is to wholeheartedly serve the people are the only way to comprehensively improve the party's political quality. All this is also the basic work that must be done before we can successfully bring about a radical turn for the better in party style and build the two civilizations.

It is necessary to educate party members and cadres to use their power and govern in public interest and for the benefit of the people. At present, many of our party members are holding many leading posts with some power in their hands. This is typical of a party in power. However, the problem of how to correctly use the power given to us by the people is both real and important. Whether one uses one's power and governs in public interests and for the benefit of the people or to seek private gains is the watershed

between a proletarian party spirit and the ideology of an exploiting class. We should "build a party in public interest and govern for the benefit of the people," but never use our power to seek personal gains. If one forgets one's duties as soon as one is given power and, thinking that "power must be used before it expires," does as one pleases, one will eventually bring disgrace and ruin upon oneself. Since we embarked on rectifying the party style, some people involved in the unhealthy tendencies have been punished by the law and party discipline. This fact is tellingly illustrative of the above point. An overturned cart in the road ahead is a warning to the carts behind. This problem merits our attention. Those who have just been put in leading positions in particular should pay special attention to it. They should realize that they shoulder heavier responsibilities as soon as they are promoted, try harder to transform their world outlooks, enhance their party spirit, set harsh demands on themselves, and conscientiously resist corrosion by the pernicious influence of feudalism and corrupt capitalist ideas. After being promoted, they should be on guard against those who "blow their horns" and "carry their sedan chairs" with ulterior motives. One can easily make mistakes if one is not sober-headed.

It is necessary to teach Communist Party members to be honest in performing their official duties and to keep their conduct spotless. They should resist the temptation of money and material benefits and never accept bribes, forget what is proper on seeing money, or "put money first in everything." This is what essentially distinguishes the moral integrity of a communist from the ways of a sordid merchant. In the history of our party, many party members have displayed a noble revolutionary spirit and stood the test of revolutionary struggles. They were indifferent to wealth and were not discouraged by poverty. Furthermore, not even the powerful could bring them to their knees. Today, as we are opening the country to the world and trying to revitalize the domestic economy, we can see that many party members have won the support and trust of the people by "being upright and honest in performing official duties." However, there are also a few party members who trade the party's principles for money and material benefits. Some have unscrupulously given the green light to speculators or even collaborated with them. Some simply disregard party discipline and the law and have made serious mistakes or even fallen into the abyss of crime by seeking personal gains at the expense of the country's and the people's fundamental interests. Some party members and party cadres were at first only keen on gaining petty advantages. Later, their appetite grew and they asked for and accepted bribes. Eventually, they were bold enough to take great risks, with the result that their careers were ruined. Thus, it is necessary to teach our party members that they should selflessly serve the public, suppress their greed, and strictly observe law and discipline. Only by doing all this can they keep their noble communist qualities intact.

It is necessary to teach Communist Party members that whatever the circumstances, they should always live and conduct themselves seriously and morally. This is precisely what the majority of our party members are doing. However, there are also a few people who have become degenerates eager to imitate the corrupt bourgeois living style after being put in power.

These people are morally degenerate. Special mention should be made of the fact that some high-ranking and some middle-level cadres have irredeemably sunk into corrupt ways. Addicted to sensual pleasure, some of them are willing to sacrifice the party's principles and their own personal dignity to the satiation of their desires, some have broken up the families of others, and others have trampled on social ethics by exploiting women sexually. Although only a few party members have done this, very undesirable and objectionable effects have been produced. Thus, each party member should pay close attention to self-cultivation, strictly observe socialist laws and conform to socialist ethics, and try his best to form new socialist and communist moral habits.

In conclusion, to prevent Communist Party members from being ideologically, politically, and ethically stained or corroded by the pernicious influence of feudalism and corrosive bourgeois ideas, it is necessary to transform the objective world and our subjective worlds at the same time, to unremittingly purify ourselves ideologically, and to conscientiously discipline ourselves with proletarian ideas, so that we can survive crises and avoid being contaminated.

Although it is an important thing to give our party members an ideological education in our effort to cultivate a good party style, one must not overlook the need to strengthen supervision over party members and, in particular, the leading cadres. Although something was done in the past to strengthen inner-party supervision, we have been unable to subject some leading cadres to strict supervision because there is not a system to ensure that. Thus, it is pointed out in the "Resolution" that: "We must take vigorous measures to reform the party's organizational and work systems, strictly enforce its rules, and institute effective systems of internal and popular supervision to monitor the work of leading cadres at all levels." It is the duty of party committees and discipline inspection committees at all levels to inspect, help, and educate party members as far as their thinking and styles are concerned. Whatever their ranks, seniority, and past contributions, all party members and cadres must strictly abide by the law and party rules. The party allows none of its members the privilege of flouting party discipline and laws with impunity. Everyone is equal before the party's rules. Whoever violates the party's rules will be sternly punished or even expelled from the party. In addition to giving full play to the supervisory role of party organizations, it is necessary to pay close attention to and strengthen the people's supervision over party members. Letters from the people and their visits are an important channel through which they exercise supervision. Thus, party committees at all levels must pay close attention to these letters and visits because they mean supervision at one's door-step. They must not be dealt with indifferently or be rejected. In addition to voluntarily participating in organizational activities, all party members, the leading cadres among them in particular, should also voluntarily establish ties with the masses and listen to their opinions.

The 6th Plenary Session of the 12th CPC Central Committee called on the whole party to try to make the building of the spiritual civilization a



success. We should earnestly study and try to understand the spiritual substance of the "Resolution," apply it in our practical work, play an exemplary vanguard role, and be well prepared for the 13th CPC National Congress by improving the party style, giving impetus to the reforms, and making remarkable achievements in building the two civilizations.

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LEARN FROM ZHOU ENLAI'S THINKING AND PRACTICE IN CONNECTION WITH THE  
MODERNIZATION OF SCIENCE AND TECHNOLOGY--COMMEMORATING THE 30TH ANNIVERSARY  
OF CHINA'S CALL FOR 'MARCHING TOWARD MODERN SCIENCE AND TECHNOLOGY'

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 7-11

[Article by Liu Xiyao [0491 6007 1031]]

[Text] On behalf of the Central Committee, Zhou Enlai issued the call for "marching toward modern science and technology" to the whole nation at the Second Plenary Session of the Second CPPCC in January 1956. Together with Comrades Chen Yi, Li Fuchun, and Nie Rongzhen, Zhou Enlai led the work of drawing up the 12-year long-range plan for the development of science and technology and of organizing the setting up of leading organs of China's science and technology. Just as Comrade Nie Rongzhen put it, that year saw vigorous development in the field of science and technology and was a most crucial year for the initial development of China's science and technology undertaking. Exactly 3 decades have since passed.

Pleasing profound changes have taken place in China since the 3d Plenary Session of the 11th CPC Central Committee; the Chinese people are victoriously marching along the correct path of building socialism with Chinese characteristics. The strategic policy that "it is imperative to rely on science and technology in economic construction; science and technology work must face economic construction" has been implemented in depth. The structural reform of science and technology is developing healthily. The initiative and creativity of scientists and technicians have been further given play. The entire field of science and technology is enjoying the best time since the founding of the PRC. At present, the Central Committee and the State Council require us to universally establish the strategic concept of attaching importance to the progress of science and technology and the exploitation of intellectual resources and have issued the call for "developing science and technology, bringing up talented people on a wide scale, making the economy prosper, and invigorating the Chinese nation." We find it all the more pleasing to review and recollect Zhou Enlai's thinking and practice in connection with the modernization of science and technology at this crucial historical moment.

## I

Back in 1950, Zhou Enlai proposed the tasks and future of China's science workers, starting from the actual conditions of China as well as modern society. He stressed in 1956 that technical know-how for production needed to be fully upgraded and that the full development of science as well as the utilization of scientific knowledge were needed in the age of socialism more than in any previous age. In 1963, he further pointed out: "To build China into a socialist power, the key lies in realizing the modernization of science and technology." ("Selected Works of Zhou Enlai," Vol 2, p 412) He said that modern science and technology were making progress at a tremendous pace and that mankind was facing new science and technology and the eve of a new industrial revolution. He required us to catch up with the world advanced level. After he issued the call for "marching toward modern science and technology," he personally led in drawing up the 12-year long-range plan for the development of science and technology and personally conducted the campaign to scale the peak of defense science and technology.

According to Zhou Enlai, "It is necessary to seek truth from facts, to advance step by step, to stimulate each other, and to try hard to catch up" to realize the modernization of science and technology. He pointed out: "We are lagging behind the world advanced level; however, we have advanced experiences from which to learn and the most up-to-date results of science and technology to utilize; this will broaden our vision and quicken our pace in marching ahead." He said: We should not follow in others' footsteps and go over all the processes; we should, and we can, work hard to catch up. (Ibid., pp 412, 413) Here, Zhou Enlai summed up the historical experiences of the world's development of science and technology as well as our own lessons; he opposed blind and premature advance that shows no respect for science as well as the conservative ideas of lacking confidence and aping others at every step. That is a universal law governing the world development of science and technology and also an important guiding idea for developing China's science and technology.

## II

In order to realize our scientific and technological modernization, Zhou Enlai himself was engaged in continued tasks leaving a rich legacy of many good ideas that consequently proved to be correct through experiments.

### 1. The Four Modernizations Should Be Conducted Simultaneously and Promote Each Other

Back in 1950, Zhou Enlai suggested that scientists start from several items of basic work in agriculture, industry, and national defense based on the objective requirements of national economic development. In 1956, he explicitly proposed in his "Report on the Proposal of the Second Five-Year Plan for Developing the National Economy": "Key projects should be linked with all-round arrangement, so that the various sections of the national economy may develop in proportion." (Ibid., p 219) Again in 1963, summing up the experiences and lessons since the founding of the PRC, he proposed:

"Our four modernizations should march forward simultaneously and promote each other; and we cannot afford to wait till the completion of industrial modernization before we carry out the modernization of agriculture, national defense, and science and technology." (Ibid., p 412) It is very clear that the marching forward simultaneously to which Zhou Enlai referred means linking the building of key projects with all-round arrangement, so that the various sections of the national economy may stimulate each other and develop in coordination; and it means marching forward simultaneously in order of importance and urgency. With changes in the international and domestic situations, the order of importance and urgency will also change.

To safeguard world peace as well as the fruits of victories of the Chinese and Korean peoples, China had to carry out the war to resist U.S. aggression and aid Korea in 1950. Later, China met with blockade and encirclement by the superpowers, and its security was severely threatened. In this international and domestic situation, China had to give priority to developing heavy industry, stepping up national defense, and the research and development of modern high-efficiency weapons as well as the new materials, apparatus, and equipment needed in their development. After 1959, Comrade Deng Xiaoping personally presided over the CPC Central Secretariat sessions and listened to reports, while Comrade Nie Rongzhen led the specific work of the State Planning and Economic Commissions as well as the coordination of relevant departments under Mao Zedong's spiritual guidance that "without a modern industry, there will not be modern national defense," and with the active support of Comrades Zhou Enlai, Ye Jianying, Chen Yi, He Long, and Peng Dehuai. Within a few years, the requirements for research and development of modernized high-efficiency weapons were met as well as the requirements for building a complete set of war industry of our own design and scientific research bases; thus, the modernization level of China's industry and the modernization of science and technology were upgraded.

## 2. Learning From the Most Advanced Accomplishments of World Science and Technology

Starting from the actual conditions of socialist construction and the development of science and technology, Zhou Enlai attached great importance to learning from foreign advanced science and technology. He said: "Particularly tremendous and rapid progress has been made in world science in the past 2 or 3 decades, and this progress left us far behind in the development of science." (Ibid., p 181) In the face of this situation, Zhou Enlai proposed in 1956: "It is necessary to introduce the most advanced accomplishments in world science to China as quickly as possible based on the possibilities and our needs...to fill in the gaps in those branches of sciences most urgently needed in China's science sectors as well as our national construction as quickly as possible." (Ibid., p 184) According to him, the idea of carrying out construction with the door closed was wrong. In 1960, when foreign aid was about to be severed, he wrote a note on the report of Comrade Nie Rongzhen submitted to the Central Committee: Regarding science and technology, that we can learn must be learned conscientiously, and that we can purchase must be bought with the greatest efforts from Western capitalist countries. Even in the "Great Cultural Revolution," Zhou Enlai

gave the instruction that the import of foreign books and materials on science and technology should not be cut off. This was in full conformity with the policy of opening up to the outside world now being implemented.

At the same time, Zhou Enlai sharply criticized the erroneous ideas and practice of advocating reliance on foreign aid and lacking national confidence. He also criticized the erroneous tendencies of blindly and mechanically copying Soviet experiences and the arbitrary negation of the accomplishments of science and technology of capitalist countries. He stressed that regarding foreign advanced science and technology, as to whether we could learn or buy them and how much we could learn or buy, we should chiefly rely on our own study; if we fail to do so, unique creation and invention would be impossible; nor could we apply what we had learned and put into practice or make any progress. Later, he proposed the policy of utilization, study, transformation, and creation regarding imported technology. These instructions are still of guiding significance to this day.

### 3. Do Things in Their Order of Importance and Urgency and Make All-Round Arrangements

In view of China's blindness in learning from the Soviet Union and making use of Soviet aid, as well as the erroneous tendencies of "treating the symptoms, not the disease" and the lack of long-range planning in 1956, Zhou Enlai pointed out that it was necessary for us "to make all-round arrangements, to do things in their order of importance and urgency, and to systematically utilize the most up-to-date accomplishments of Soviet science" (Ibid., p 183), and he led in drawing up "The 1956-1967 Program for Long-Range Development of Science and Technology (Draft)." Together with Comrade Nie Rongzhen, he led in drawing up the 1963-1972 10-Year Plan for Science, the plan for developing modern high-efficiency weapons and the new materials, apparatus, and equipment needed for their development as well as the organization of their specific implementation when foreign aid was severed.

Back in 1950, Zhou Enlai called on Chinese scientists to build new China and to serve the people. It was precisely based on the tasks of national economic and defense construction that the 12-year long-range plan for the development of science and technology was drawn up. In late 1957, the 122 science and technology projects for cooperation based on this plan and proposed in the talks between the Soviet Union and the Chinese science and technology delegations were chiefly those urgently needed in national construction and the people's livelihood. At the same time, starting from the historical experience that "without a certain basis of research in theoretical science, progress and reform of a fundamental nature in technology will be impossible" (Ibid., p 183), Zhou Enlai reminded us: "To systematically upgrade China's level of science and technology, it is imperative to break up the tendency of short-sightedness and to maintain certain appropriate proportions in the distribution of our strength between theoretical work and technical work and between long-range and immediate needs; moreover, correct division of labor and cooperation should be formed to avoid emphasizing one thing at the expense of another." (Ibid., p 183) He also said that the

growth of theoretical forces was invariably slower than that of technical forces and that the effects of theoretical work were generally indirect and not easily discerned. Therefore, he accepted the suggestions of many scientists, and a chapter on "The Research of Several Basic Theoretical Problems in Modern Natural Sciences" was added to the 12-year plan. Again in 1972, he proposed that basic science and theoretical research be grasped simultaneously. Viewing these today, we find what foresight was displayed in the ideas of the late premier!

Contemporary scientific discovery generally takes place on average 10 years before its technical application. To apply scientific discoveries to technology takes even longer from immaturity to maturity and from a lower to a higher plane. The application of high technology to national economy and defense generally takes 1 or 2 decades. Without research on development and applied sciences, the economy cannot improve; and without basic and high-tech research, a nation will always lag behind. This has become a common understanding regarding the development of science and technology in the contemporary world. Viewing the world development trend, whether high technology is mastered has more and more affected the future and prestige of a nation.

It took China exactly 3 decades to score the current great accomplishments in its space industry. Our research and development of the H-bomb formally began in 1964; however, the basic research on the phenomenon and law governing thermonuclear reaction began in 1960. By summing up historical experiences, we can see that this was made possible by the leadership of Comrades Zhou Enlai and Nie Rongzhen, who initiated basic research in good time, founded the contingent of and bases for tackling ultra-high technology, and placed this strategic issue on the basis of self-reliance. Practice has proved that genuine first-rate advanced technology is not to be bought.

#### 4. Bring Into Full Play the Strength of China's Intellectuals

Zhou Enlai had always shown respect for scientists and paid attention to giving play to the role of scientists and technicians in socialist construction. Back in 1950, he pointed out: "The bringing up of qualified technical personnel is the key to our national construction." (Ibid., p 110) In 1950, he made a correct evaluation of China's scientists, proposed our tasks, and indicated the direction. At the same time, he trained and drew in qualified people urgently needed in China's reconstruction and the development of science and technology through various channels including training them in China, sending people to study in the Soviet Union, and trying every way to help overseas patriotic scholars come home. Again in 1956, he pointed out: "Our construction in every field needs the participation of more and more intellectuals." "To make our socialist construction achieve greater, faster, better and more economic results, it is necessary to do our best to fully mobilize and to give play to the existing strength of the intellectuals." (Ibid., pp 160, 167)

In view of the prejudice of some comrades inside the party against intellectuals in 1956, Zhou Enlai pointed out: "The chief tendency in the question

of intellectuals is sectarianism" and "the failure to understand that they are a component part of the working class." (Ibid., p 166) Again in 1962, in view of the leftist erroneous ideas regarding intellectuals that emerged after 1957, he further pointed out: "Over the past 12 years, the majority of China's intellectuals have undergone fundamental changes and made great progress" (Ibid., p 361) and the overwhelming majority of China's intellectuals were "intellectuals of the working people" (See "Government Work Report" delivered at the Third Session of the Second NPC). Even in the "Great Cultural Revolution," he still adhered to this concept and managed to protect many fine scientists as best as he could within his power.

To fully mobilize and to give play to the strength of the intellectuals, Zhou Enlai pointed out back in 1956, we should improve their employment and work arrangement. Resolute measures should be adopted to correct erroneous bureaucratism, sectarianism, and departmentalism in the treatment of qualified people, so that qualified people may be employed in places where they are most needed, and their specialization helpful to the state may be given play; in addition, they should be duly trusted and supported, provided the necessary work conditions, and given appropriate treatment.

Spring has come again for China's intellectuals since the 3d Plenary Session of the 11th CPC Central Committee. Never before have China's intellectuals been so esteemed and put in important posts by the party and people as they are now, and they have been playing greater and greater roles. However, in the new situation, there is greater need to further improve the employment and work arrangement of the intellectuals and to train more and better qualified people. Having gone through the "Great Cultural Revolution" in particular, the task of training new forces is still more pressing when we are facing the challenge of the world's new technological revolution.

### III

In January 1955, Zhou Enlai explicitly pointed out, to oppose the use of the atomic bomb, it was imperative for us to master it. The Central Committee and Zhou Enlai primarily grasped geological survey and scientific research and actively sought foreign aid. When foreign aid was severed, they promptly made plans for self-reliance. In 1961, Zhou Enlai and Nie Rongzhen sent Comrades Zhang Aiping and Liu Jie on an inspection tour of all relevant departments under the Second Machine-Building Industry Ministry and proposed the concept of conducting an atomic bomb test within 2 or 3 years. In 1962, the ministry in question proposed realizing the 2-year plan for an atomic bomb explosion. In late 1962, the Central Committee decided to form an ad hoc commission headed by Zhou Enlai to guarantee and accelerate the development of the atomic energy undertaking, and Mao Zedong issued the call for "coordinating in a big way to do a good job of the work." Zhou Enlai worked diligently and gave conscientious guidance. He set us an example and wrote a brilliant chapter with his foresight, scientific attitude, and democratic style.

1. Unifying revolutionary spirit with scientific attitude. In 1958, this work suffered basically no interference, in accordance with Mao Zedong's



instruction "learn to write regular script in Chinese calligraphy before cursive script is mastered" regarding China's atomic energy undertaking. To better meet the requirements of the situation, in early 1963, Zhou Enlai set the requirements of "a high level of political ideology, a high level in drawing up plans in a scientific way, and a high sense of organization and discipline" on all comrades engaged in the undertaking. These requirements further heightened the sense of responsibility for safeguarding the motherland, the conscientiousness of subjecting oneself to the need of the motherland, and the spirit of dealing with matters strictly according to scientific laws among those engaged in defense science and technology.

2. Drawing up strategic planning for catching up. Under the guidance of the Central Committee and Zhou Enlai, China's research and development of nuclear weapons did not follow in the footsteps of the United States and the Soviet Union and go through all the processes they had. When these two countries began to produce atomic and hydrogen bombs on a trial basis, the chief carrying vehicles were airplanes, but guided missiles became the chief carrying vehicles when we began to produce nuclear weapons on a trial basis. For us, the production of nuclear weapons and guided missiles on a trial basis went on synchronously. We adopted the method of "triple jump" in doing so, we started straight with research and development of atomic aerial bombs, took research and development of nuclear warheads for guided missiles as the second step, and aimed at hydrogen-bomb warheads for guided missiles as the third step.

3. Strengthening preparations for research and simulated tests. Based on the international environment and China's state policy at that time, the Central Committee and Zhou Enlai determined to adopt the policy of conducting few but necessary nuclear tests. This required us to limit on-site nuclear tests to the minimum and to strive for success in every test. To meet this requirement, it was necessary to strengthen preparations in research and to undertake more theoretical calculations and simulated tests. On the one hand, we relied on the help of many scientific research institutes that had comparatively high standards throughout the nation; on the other, we installed many items of apparatus and equipment for simulated tests and built research and testing bases that constantly developed and blazed new trails. By this means we opened up a way conforming to China's national conditions, with its own characteristics. That was an important condition for enabling China's research and development of nuclear weapons to continuously develop at a relatively quick pace. This important condition for following advanced world levels is also an experience of universal significance in continuously scaling the heights in science and technology.

4. Linking advanced philosophical ideas with advanced scientific means. Early on, Zhou Enlai pointed out: "The ideas of dialectical materialism can help us better understand the objective laws and give better play to our subjective initiative." ("Selected Works of Zhou Enlai," Vol 2, p 413) Since we lacked technical data in the research and development of H-bombs, he required scientists and technicians to earnestly study Marxist philosophy, including Mao Zedong's "On Practice" and "On Contradictions." Under the guidance of Marxist philosophical ideas, the scientists and



technicians engaged in the research and development of H-bombs were enabled to explore in depth and to understand the internal and external causes of thermonuclear fusion with the application of the only computers and various items of apparatus and equipment in existence at that time. They not only mastered the whys and wherefores of the theory of the H-bomb, but also succeeded in the research and development of H-bombs at the quickest pace in the world.

5. Putting into effect the three-in-one combination of leading members, experts, and the masses. Zhou Enlai attached great importance to the three-in-one combination of leading members, experts, and the masses. He would always invite the presence of relevant experts and operators with practical experiences whenever he called central ad hoc committee meetings. And he would not make the final decision for a nuclear test until the on-site headquarters reported to him on the results of the study and discussion of the "three-in-one combination." In the research, preparation, and testing of modern high-efficiency weapons, experts are the chief guiding force; however, the operation and experiences of specific operators as well as the prompt support and decision of the leadership are indispensable. Because of Zhou Enlai's meticulous guidance and strict requirements, leadership at all levels not only had a good grasp of basic scientific knowledge, but was able to have a careful, deep understanding of the actual conditions, to listen to the suggestions of experts as well as other relevant personnel, and to pass judgment on the basis of scientific demonstration; thereby, they were capable of promptly making correct decisions.

6. Doing an earnest job of organization and coordinating things in a big way. The research and preparation of nuclear weapons involved many departments and localities as well as many scientific research institutes, factories, and schools. The central ad hoc committee would issue a notice on the record of the work and conditions to be carried out to all relevant departments and units after every session and would examine their implementation. All departments and units would conscientiously organize their implementation with a high sense of responsibility. Therefore, in carrying out every single task as well as the entire plan, the links of research, preparation, and production were in prompt coordination and the material conditions required were also promptly guaranteed.

7. Taking everything into meticulous consideration and being scrupulous about every detail. Zhou Enlai required us "to be scrupulous about every detail," "to be solemn and earnest, to take everything into meticulous consideration, to be steady and sound, and to run no risk" in our work, and "to make every test bring about all-round results." Under his guidance with such strict requirements and exemplary role, basically all live tests of nuclear weapons were successful. Such a strict spirit is a necessary requirement on the research and preparation of modern high-efficiency weapons. It was precisely the above-mentioned series of guiding ideas and such strict spirit that has trained and brought up a contingent of scientists and technicians with a rather high level and who are bold and good at tackling tough problems.

8. Amassing forces to fight battles of annihilation. Regarding the development of defense science and technology undertakings, the Central Committee and Zhou Enlai adopted the policy of amassing forces to fight battles of annihilation. This policy had two meanings: One was to promptly concentrate the best qualified people in the nation and the forces that could be mobilized at that time; and the other, since such a task, involving tremendous man, material, and financial power, with the work done in various places and duplication at a low level, would inevitably lead to great waste, it was therefore necessary to grasp the key link and to implement unified leadership and planning. In this way, China eventually scaled the height of defense science and technology within a comparatively short time.

Everything mentioned above has specifically expressed Zhou Enlai's guiding ideas of seeking truth from facts, advancing step by step, stimulating each other, and trying hard to catch up. What we have summed up here are the specific experiences of scaling the height of defense science and technology; however, its essentials are entirely applicable to our present economic construction.

Time flies. Since 1956, China has made tremendous progress in its science and technology undertakings under the strategic decision of the Central Committee and the personal command of Zhou Enlai. Now, in the new situation of socialist modernization, to earnestly study Zhou Enlai's thinking and practice in connection with the modernization of science and technology will inevitably push forward the development of China's science and technology undertakings and step up the process of the four modernizations.

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## THEORIES AND PRACTICE OF THE SOVIET UNION AND EAST EUROPEAN COUNTRIES IN REFORMING THEIR ECONOMIC STRUCTURES

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[Article by Zheng Hongqing [6774 3163 1987]; passages within slantlines published in italics]

[Text] The reform of the economic structure is a universal, historical phenomenon with great significance in the development of socialism in the contemporary era. Since the 1950's, the Soviet Union and most of the East European countries have carried out reform in varying degrees, traversed a tortuous path, and accumulated rich experience. Undoubtedly, it will be necessary to promoting China's ongoing overall reform to study and understand the theories and practice concerning economic structural reform of these countries and to gain enlightenment from their experience.

### I. The Historical Inevitability of Reform

The economic structural reform of socialist countries is, in the final analysis, the result of movement of contradictions between the production relations and productive forces and between the superstructure and economic basis. From an overall point of view, the production relations and superstructure of socialism are suited to the objective needs of the development of productive forces. However, there are certain links and aspects that do not correspond with the development of productive forces. With the changes in social and economic conditions, economic system, as a specific form of expression of a country's production relations within a certain period, may perhaps not correspond with or may even hinder the development of productive forces and thus become the target of reform.

The economic structure of East European countries prior to the reform was based on the blueprint of the structure which took shape under the guidelines of the product economy of the Soviet Union's industrialization during the 1930's. The characteristics of such a structure included the following: First, the state exercised centralized management over the economy, while enterprises, under such rigid management, lacked the proper decisionmaking power of production and operation. Second, economic activities were carried out according to mandatory planning from top to lower levels. The plans were composed of production and distribution quotas, which excluded the role of

market mechanism and the law of value. Third, instead of adopting economic means or levers, the state adopted administrative means to exercise direct management over economic life. Fourth, related to the above three points, the relations of distribution between the state and enterprises and within enterprises were egalitarian, with everybody "eating from the big pot."

During the early period of socialist industrialization, the national economy developed extensively and the various economic relations were not yet complicated. Under such circumstances, the highly centralized economic structure of the Soviet Union could manifest its superiority. It concentrated the limited human, material, and financial resources of the state to develop key construction projects and attained a relatively high growth rate. Prior to the 1960's, the industrial growth of the Soviet Union and East European countries was generally higher than that of the developed capitalist countries. (Footnote 1) (During the period from 1934 to 1938, the total industrial output value of the Soviet Union redoubled, while that of the United States increased by only 8.4 percent, Britain by 13.5 percent, the FRG by 56.6 percent, and Japan by 28.2 percent. During the period from 1950 to 1960, the industrial growth of the Soviet Union increased at a yearly average of 7.2 percent, while the rate of the United States was 3.3 percent; the FRG, 7.7 percent; France, 4.8 percent; Italy, 5.5 percent; Britain, 2.8 percent; and Japan, 8.2 percent. The industrial growth rates of East European countries were either higher or a bit lower than the Soviet Union. Source of information: "World Economic Almanac, 1982," Chinese Social Science Publishing House) Nevertheless, the structure itself had many serious defects. With the development of productive forces and the increasingly complicated nature of economic relations, the defects of the structure were fully revealed. First, enterprises became subsidiary bodies of the government organs. Their initiative and enthusiasm were dampened and they turned into "government-run industry or commerce" without vigor and vitality. Second, production was carried out merely through plans which could not meet the everchanging needs of consumption and which resulted in proportional imbalance, poor social economic results, and separation of production from demands. Third, the overcentralization of economic management led to overstaffed government organizations and establishment of multifarious departments, encouraged bureaucracy, and impaired efficiency.

To eliminate the defects of the old structure, the Soviet Union and some East European countries experimented with reform in the 1950's. However, they failed to make any substantial progress. By the 1960's, the potentials of these countries to extensively develop their economies and the growth of their production began to decline. Moreover, they failed to improve the quality of products and attain better economic results. As the party and government encountered difficulties in effecting a change toward intensive development and the contradiction between the rigid old system and the development of productive forces became sharply acute, reform was imperative. The tide of economic structural reform ran high in the Soviet Union and East European countries precisely under such a historical background. During the mid-1960's, the party Central Committee of the Soviet Union and most of the East European countries adopted resolutions or guiding principles for reform and gradually started to practice the new economic structure nationwide.

The reform of the economic structure in the Soviet Union and East European countries was not simple. Owing to complicated economic and political reasons at home and abroad and to the arduousness of reform, it could only advance along a tortuous path, constantly make adjustments, and even suffer relapses temporarily or partially. Since the end of the 1970's, two world-wide major trends have produced a great impact on the political and economic life of various countries. First, the rapid development of the scientific and technological revolution and its decisive role on modern economy. Second, the closer economic and technological relations between countries. Modernization of a country depends to a great extent on its adaptability and competitiveness in the world market. For this reason, it is necessary for the economic system of socialist countries to effectively arouse the enterprising and creative spirit of enterprises and workers, assimilate the management experience and achievements of modern science and technology to promote scientific progress and realize the fundamental transformation of the foundation of the national economy, keenly follow the changes in the international market, constantly readjust the production setup, increase competitiveness, and make use of foreign resources to serve a country's construction. Obviously, the current economic structure of the Soviet Union and East European countries cannot meet these demands. If such a state of affairs continues, it will be impossible to catch up with and surpass the economy, science, technology, and living standard of the developed capitalist countries. Moreover, the gap will become wider. Confronting the stern challenge, the tide of economic structural reform is again running high in the Soviet Union and East European countries. Since the beginning of the 1980's, there has been an increasing demand for transformation. Based on summing up past experience, most of the countries realized the direction and principle of upholding reform, sketched new blueprints, and put forward a series of reform measures which outstripped the past in both scope and depth. In addition, a gratifying situation of each learning and helping the other forward took shape.

It is thus clear that the reform of the economic structure is not a random, subjective choice that can either be recommended or discarded. Instead, it is an irresistible historical trend and the necessary self-transformation and self-perfection of the socialist system itself to better suit and promote the development of productive forces.

## II. The Constantly Developing Theories and Practice

As the social and economic systems of the Soviet Union and East European countries are identical and their existing economic systems belong to the same type, the motives and anticipated target of their reform are also more or less the same. Thus, they have common ground in the general orientation, basic principles, and main contents of their economic structural reform. However, the economic structural reform of socialist countries is a pioneering new undertaking. There is no ready experience to follow nor a set pattern to suit the national conditions of various countries that differ in thousands of ways. Moreover, there is also a big difference in their understanding of theories. As a result, the specific ways and measures taken for their reform and the focal points will also differ from each other. I would like to summarize the issue in the following six points:

/1. On the contradiction between productive forces and production relations under the conditions of socialism/

According to the viewpoint of the theoretical circles which occupied a dominant position in the Soviet Union and East European countries for a long time in the past, the production relations of socialism, when established, would be suited entirely to the development of productive forces. They seldom mentioned the contradiction between the two factors and the transformation of the production relations. The traditional concept that the Soviet Union had "become a developed socialist country" also took shape in the Soviet Union. In recent years, remarkable changes have taken place in this respect. Chief Soviet leaders have written articles saying that the Soviet Union is still at "the starting point of the fairly long historical period" in building a developed socialist country. For this reason, "the profound, qualitative change of productive forces and the perfection of the corresponding production relations are imminent as well as imperative." (Footnote 2) (Quoted from Soviet magazine COMMUNIST, No 3, 1983) The East European countries also realized that the production relations of socialism will not spontaneously and mechanically be suited to the productive forces. Under the conditions of the rapid progress of modern science and technology, it is particularly necessary to readjust and reform the production relations so as to remove the obstacles to the development of productive forces. This provides a theoretical basis for the reform of the economic structure.

/2. On the economic functions of a socialist country/

In a sense, the economic system is the way and means of a country's management over its economy. Therefore, the correct understanding of the economic functions of a socialist country becomes a theoretical problem to be solved in reform. The understanding of the Soviet Union and most of the East European countries, excluding Yugoslavia, on the issue reached a consensus: During the period of socialist construction, the function of suppression within the country will wither away with the abolition of the exploiting class. However, the function of organizing economic construction will be enormously strengthened rather than weakened. The fundamental reason is that mass production objectively needs a social center to exercise unified management and regulation. The social center can only be the state which represents the interests of all the people. The problem is that they equated the economic function of the state with the government exercising direct management over enterprises and believed that all economic activities should be brought into line with the state's unified plan. This was the main reason leading to overcentralization of power. In the course of reform, the views of the theoretical circles gradually changed to insist that the state should strengthen macroscopic management over the economy and decide on the strategic principles for economic development, major proportions, and technological and economic policies through medium and long-term plans. However, the daily production and operation should be independently carried out by enterprises under the guidance of the state. In light of this theoretical viewpoint, the Soviet Union and East European countries, in their reforms, improved the management method of the state over the economy, readjusted the policymaking power of the central authorities and

local areas, reduced the planned quotas assigned directly to enterprises, and extended the decisionmaking power of planning, operation, and management of enterprises on the premise of adhering to and strengthening macrocontrol.

Unlike the rest of the East European countries, Yugoslavia took a skeptical attitude toward the economic function of a socialist country. Yugoslavia believed that after the proletariat has seized political power, the state should wither away and this process should first start from the economic function of the state. Only by doing so is it possible to effectively prevent the state from becoming an alien force overriding society and to pull out the root that gives rise to bureaucracy. Proceeding from such a viewpoint, Yugoslavia made unremitting efforts in the course of reform to diminish the economic function of the state, transfer the responsibility and power of economic management as quickly as possible to the laborers of the collectives, and implement a system characterized by enterprise autonomy.

### /3. On the relationship between planning and the market/

The correct understanding and handling of the relationship between planning and market will exert a decisive influence on the selection of specific ways and patterns of the economic structural reform of socialist countries. The Soviet Union and East European countries changed their outdated theoretical views of the past which regarded the relations of commodities and currency as the remnants of capitalism and said that the means of production were not commodities and the law of value could not play the role of regulating production. They also put forward new ideas holding that the relations of commodities and currency were the intrinsic characteristics of socialist production relations and the law of value could play a regulative role in circulation as well as production. As a result, the orientation of their reforms was to consciously apply the relations of commodities and currency and organically combine planning with the market. However, it should be pointed out that there are still differences of understanding on the issue within each country and between countries.

In the Soviet Union, the main trend in the theoretical circles believed that the economic relations of socialism were directly related to society and planning. Mandatory planning was the main form of state management over the economy, while the relations of commodities and currency maintained a subordinate status. The latter was applied to strengthen planned management. They believed that the relations of socialist commodities and currency were entirely extricated from spontaneity, their basic contents were determined by the plan, and the law of value could give full play to its role only in a planned manner. This actually ruled out market competition and prices that could flexibly change according to supply and demand. These were even regarded as heterodoxy of "market socialism" and criticized. Thus, the purpose of reform in the Soviet Union was to improve and perfect the highly centralized planned management, while not fundamentally changing traditional economic structure.

Hungary believed that a socialist country should practice a planned economy. However, a planned economy is not equivalent to mandatory planning. Facts



have proved that mandatory planning, which hampers the initiative of enterprises, is usually divorced from practice. Hungary insisted on the organic combination of planning and the market. Under planned guidance, they called for "providing the activities of the commodity relation and its categories (such as market, currency, prices, profits, and credit) which belong to and must exist in a socialist economy with extensive space so as to fully exploit their role." (Footnote 3) ("On the Guiding Principles for the Reform of the Economic Structure," "Hungary's Economic Reform Principles and Management System," p 8, 1980, China Finance and Economy Publishing House) Meanwhile, Hungary pointed out clearly that a socialist market is an organized and regulated market rather than a laissez-faire one. Under the guidance of such a theory, Hungary abolished mandatory planning and lifted price restrictions on most commodities. The state applied economic levers or readjusted the relevant economic parameters to help enterprises realize the macroeconomic target.

The view of Yugoslavia on the relations between planning and the market was: Socialist economy is still a commodity economy and market connection is the universal form of connection. The autonomous enterprises, as independent producers of commodities, should enter into free competition in the market. The planned development of the national economy is necessary. However, the planned quotas should not be imposed by the state on enterprises. Instead, enterprises should draft plans in light of market demand and their own interests, which should then be coordinated at each level from the bottom. Based on such a theory, Yugoslavia practiced an autonomous social planning system. The plan enacted by the federal government served as a forecast or outline and the national economy as a whole was based on market regulation.

#### /4. On the position and operational means of socialist enterprises/

The vital defect of the old structure of the Soviet Union and East European countries was the rigid management over enterprises. For this reason, the reform of their economic structures generally started from extending the decisionmaking power of enterprises. Over the years, they have adopted various reform measures and achieved considerable successes. Owing to the differences in guiding principles and the development of reform to varying degrees, there were wide gaps in the actual decisionmaking power of enterprises between these countries. For example, the Soviet Union also extended the decisionmaking power of enterprises, but enterprises continued to be regarded as the target of mandatory planned management. Apart from the slight reduction of production quotas and retention of a small amount of funds to serve as incentives, the party and government organs at various levels monopolized the power of material supply, marketing prices, distribution of investment, and labor and personnel management. Consequently, it was very difficult to invigorate enterprises (a big step has been taken recently in the experiments of extending the decisionmaking power of new enterprises). Yugoslavia, however, regarded an enterprise as the main body in exercising economic management. After paying taxes according to law, an enterprise could independently decide on its daily operation and production activities as well as investing in reproduction. The enterprises of other East European countries enjoyed decisionmaking power greater than that of the Soviet Union but less than Yugoslavia.



With the development of reform, some countries including Bulgaria and Hungary advanced a new view which pointed out that ownership of socialist enterprises should be duly separated from the right of operation and management.

On behalf of all people, the state performs the functions of the owner which include appointing and removing chief leaders of enterprises or giving approval to enterprises to employ managers or directors; deciding on building, merging, or closing down of enterprises; and examination and appraisal of enterprise operation and management. The state should allow enterprises and collectives of laborers to perform the specific function of economic management and not interfere in their affairs so that enterprises can truly become legal entities with independent rights, interests, and responsibilities. By doing so, the reform of extending the decision-making power of enterprises is raised to a theoretical level which urges various countries to make explorations and create diversified enterprise operation and management methods in light of their own national conditions. For example, the German Democratic Republic established a production-marketing-scientific research integrated complex which had extensive decisionmaking power and which assumed economic responsibilities. The Soviet Union implemented the system of work teams and contracted responsibility by collectives. Some East European countries leased a number of small factories and shops to collectives or individuals for management.

#### /5. On the structure of socialist ownership/

In the course of economic structural reform, tremendous changes have taken place in theories and policies adopted by the Soviet Union and East European countries concerning the structure of ownership of the means of production. Although the three economic sectors, that is, ownership by the whole people, collective, and individuals were recognized in the past, only ownership by the whole people or state ownership was regarded as the advanced form of socialist public ownership. The collective sector was encouraged to undergo the transition toward the public sector. The individual sector was limited to the narrow range of household sideline occupation and handicraft industry and the existence of other economic sectors was not allowed. Now many scholars and economists have realized that it would be inappropriate to decide which ownership form is good and which one is bad by deviating from the developing conditions and needs of the productive forces. According to the actual level of the productive forces, it is necessary to maintain for a long time the ownership structure characterized by the coexistence of various economic sectors. Under the condition that public ownership occupies a dominant position, the collective, individual, and joint economic sectors can make common progress within an appropriate range. However, some countries have relaxed their policies while others have applied stricter restrictions. For example, the Soviet Union restricts the amount of private plots and self-raised livestock of members of the collective farms as well as the development of the individual sector in industrial production. Poland and Yugoslavia permit the moderate development of the individual sector in industry and commerce. In addition, the individual sector occupies a dominant position in the rural areas.

## /6. On distribution system at two levels/

In the past, the Soviet Union and East European countries neglected the principle of material benefits, ignored the relatively independent economic interests of enterprises, failed to implement the system of distribution according to work, and inclined to egalitarianism in distribution. Now the theoretical principles of linking interests of enterprises and income of individuals with operation of the collectives and labor of individuals, recognizing the gap between enterprises and between workers concerning distribution of benefits, and duly widening this gap are commonly accepted by these countries. The method adopted by the Soviet Union and most East European countries to deal with distribution between the state and enterprises is: On the premise of the state finance collecting around 80 percent of enterprises' net income, enterprises are allowed, in light of the fulfillment of their quotas, to retain a certain amount of funds from their profits to develop production, issue bonuses, and increase welfare benefits, respectively, according to the proportion set by the state. Regarding distribution within enterprises, the state generally sets the criteria for wages and the quotas and proportion for linking wages and bonuses with efficiency, while distribution is independently carried out by enterprises. Enterprises in Yugoslavia have greater decisionmaking power in handling funds. An enterprise has the right to deal with 70 to 75 percent of the value created in that year. Individual income is also determined by enterprises according to their annual income. Besides setting a minimum amount, the state gives enterprises a free hand in handling their own affairs.

### III. A Few Points of Enlightenment

We can gain a great deal of enlightenment from the theories and practice of economic structural reform of the Soviet Union and East European countries. Here I would like to emphasize the following four points:

/First, it is necessary to fully understand the arduousness and complex nature of economic structural reform and to do a good job of the reform with unswerving determination and indomitable spirit./

The reform of the economic structure in socialist countries is a profound, extensive revolution. It requires transformation of the old system which does not correspond with the development of productive forces as well as transformation of people's ideas and life styles and readjustment of the relations between rights, responsibilities, and benefits in society. It is bound to encounter obstructions and its tasks are extremely arduous and complicated. The reforms of the Soviet Union and East European countries have been going on for several decades. Although they have achieved great successes, the anticipated results of reform have not yet been attained. Some basic problems concerning the economic structure such as enterprises carrying out independent operation and assuming sole responsibility for their profits and losses; an integrated, open, and competitive market; and the organic integration of planning and the market have not been satisfactorily solved in both theory and practice. All this shows that reform is a long course which should be undertaken step by step. The steps should be

vigorous and steady, while the determination should be unswerving. The idea of attempting to reach the goal in one step is unrealistic.

/Second, attach great importance to the role of theory in reform and creatively develop Marxist theory in the course of reform./

To carry out the unprecedented reform of the economic structure, it is necessary to blaze new trails in theory. Profound theoretical study produces a great impact on the practice of reform. This has been proved in the course of reform in the Soviet Union and East European countries. In each high tide of reform, there is always a new theory serving as a guide to smashing conventions. The reforms in some countries have not been thorough enough because there are still certain theoretical "restrictions." For this reason, Gorbachev, general secretary of the CPSU, particularly stressed abandoning outdated thinking and practices and rethinking a series of major theoretical problems in a recent speech. This is the beginning of the great undertaking of establishing a new economic mechanism and management system. Many new problems arising from the practice of reform of thousands upon thousands of the masses became the "growing point" of Marxist theory. The scientific, theoretical summarization of the new experience of economic structural reform will creatively develop Marxist theory.

/Third, microscopic reform should be coordinated and carried out along with macroscopic reform./

Invigoration of enterprises is the key link to the reform of the economic structure. Although the Soviet Union and East European countries have made strenuous efforts in this respect, the problem is not yet solved. On the one hand, the decisionmaking power of enterprises is still limited and there is a lack of driving force from within. On the other hand, enterprises do not experience the pressure from market competition, their financial budget is not strictly conditioned, and their behavioral mechanism is not suitable. Under such circumstances, the anticipated results of the state's macro regulative means cannot be attained owing to the failure of enterprises to make a quick response.

However, the practice of reform in the Soviet Union and East European countries also shows that they cannot focus their attention merely on flexibility of minor issues. As the microscopic activities of enterprises are always carried out under the macroscopic environment, they are bound to be comprehensively conditioned in total amount, structural readjustment, the norm of conduct governing the economic body, and the standard for handling economic relations. Without such conditioning, enterprises would be thrown into confusion. Provided the basic economic relations including prices and finance are not thrashed out, the market mechanism is not perfect, there is a lack of competition, and the indirect control of the state is a weak link, it would be particularly difficult to invigorate enterprises. For this reason, micro-reform and macroreform are mutually conditional. They complement each other and should be carried out in tandem. Under no circumstances should we emphasize one and neglect the other.

/Fourth, the reform of the economic structure should be closely integrated with the reform of the political structure and the two should help each other forward./

An extremely important experience of the Soviet Union and East European countries is that the reform of the economic structure cannot be carried out in isolation. It should be coordinated with the reform of the political structure. The reform of the economic structure and the development of commodity economy have produced a great impact on the outdated, irrational superstructure and given motivity to the reform of the political structure. By thrashing out the relations between the party and government, the reform of the political structure will simplify the administrative procedures, delegate power, strengthen democracy and the legal system, establish a cadre system that appoints people on their merits, update the people's ideological concepts, provide the economic structural reform with the necessary social and political conditions, and ensure the consolidation and deepgoing development of the reform of the economic structure and promote the modernization of society as a whole. In East Europe, the countries that have achieved remarkable results in economic reform are generally those that have done a good job of political reform. We should use their experience in this respect for reference.

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## WHAT DOES THE DEVELOPMENT OF KEYNESIAN DOCTRINE SHOW?

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[Article by Yu Ping'en [0358 0756 2704]; capitalized passages published in boldface]

[Text] John Keynes (1883-1946) was a British economist of the capitalist class. In his book published in 1936 "The General Theory of Employment, Interest and Money" (hereinafter called "General Theory"), he suggested a set of theories and policies on the capitalist economic crisis which were well received by the monopoly capitalist class in the principal Western capitalist countries, and won the commendation of many capitalist economists. As a result, Keynes became well known abroad and his theories were also soon propagated. Subsequently, people called his economic theories the Keynesian doctrine.

The appearance and the spread of Keynesian theories was not accidental. In the 1920's, Britain's economy was in a prolonged state of depression. Factories were not in full production, unemployment was widespread, and the dangers of economic crisis lurked everywhere. The great capitalist economic crisis from 1929 to 1933 enveloped the entire capitalist world. A large number of enterprises closed their doors, production fell drastically, there was an enormous increase in unemployment, and the innate contradictions of capitalism were further intensified. Under such conditions, the monopoly capitalist class was dismayed while the economists were helpless. Keynes was then teaching economics at university. He had held an important position in the government. He was a person adept in financial and speculative operations. He was aware of the serious crisis approaching capitalism and also of the earnest hopes of the monopoly capitalist class. Accordingly, he took on his own shoulders the task of saving capitalism and wrote his "General Theory" book.

### The So-Called "Keynesian Revolution"

The publication of "General Theory" rocked the entire economic scholastic circles of the capitalist class. People called it the "Keynesian revolution" in economics. Some people even called Keynes the "Ge Bai Ni" [0766 4101 1441] of the economics sector. After World War II, Keynesian economics replaced the traditional capitalist economics from the late 19th century and early

20th century, and became the orthodox economics. At present, the principal content of macroeconomics textbooks in circulation in Western universities is discourse on Keynesian doctrine. This being the case, in what direction did Keynes actually carry the "revolution" in economics? In accordance with Western economist's words, we may make three generalizations:

1. Theory. Prior to the formation of Keynesian doctrine, economics from the "new classical school" were in circulation in the West. The "new classical school" was a name started by Westerners to distinguish it from the classical school. The "new classical school" advocated economic liberalism and believed that under conditions of all-round competition, the prices of various kinds of products and those of important elements of production would follow the changes in market supply and demand conditions and rise and fall automatically. The function of the market price mechanism would ensure rational adjustment and full utilization of resources and there would be no economic crisis or unemployment. The most representative of these theories was that of the French economist "Sa Yi" [5646 0122] who believed that the greater part of people's income obtained in the form of salaries and wages, profits, interest and rent was spent on consumption, giving rise to demand for consumer goods. Another portion of their income would be used on savings which, applied to investments via various channels, would generate demand for the means of production. Thus, at a time of an increase in production, supply would increase, income would increase and demand would increase correspondingly. Hence, the marketing of products would not be a problem and there would be the economic crisis of overproduction or surplus production. This Sa Yi theory of supply automatically creating demand was subsequently known as "Sa Yi's Law." However, the actual situation in capitalist countries has not been exactly like this. After the 1820's, periodic economic crises continuously occurred and at the end of 1929 a large crisis finally erupted and shook the entire capitalist world.

In his "General Theory" Keynes suggested the theory of insufficient "aggregate demand" in an attack on "Sa Yi's Law." Keynes acknowledged that under the capitalist system surplus production (correctly speaking, relative surplus production) and unemployment existed and he believed that this was caused by insufficient "aggregate demand." Keynes' "aggregate demand" referred to the gross demand when gross supply prices and gross demand prices were at a balanced state. Here, gross supply price refers to the product's gross cost of production (including profits) and gross demand price refers to the anticipated gross selling prices of the products of the whole body of capitalists. Keynes believed that capitalist countries frequently faced the situation of gross demand being smaller than gross supply. That is, an insufficient aggregate demand as a result of which surplus production and unemployment came into being. He accused Sa Yi's theory of being "contrary to facts."

But why is "aggregate demand" insufficient? Keynes made mention of three causes, that is, the so-called three "basic psychological factors." The first is people's "psychological consumption tendency." "Consumption tendency" refers to the ratio of consumption against income. According to him, the greater a man's income, the smaller is the ratio of consumption

against the income, causing the increase in consumption to always fail to catch up with the increase in income, thus an insufficient consumption demand. The second is man's "psychological anticipation of future earnings on assets." This refers to the capitalist's forecast on possible profits from increased investments. According to him, following an increase in investment, the profit rate tends to fall and this causes the capitalists to lack confidence in increasing investments, leading to insufficient investment demand. The third is "man's psychological flexibility and tendency." This refers to people always wanting to keep a portion of their money in hand, to meet daily, temporary needs and investment needs. Augmenting people's willingness to keep money in hand is tantamount to an increase in demand for money, and under the conditions of a fixed money supply volume, the interest rate will rise (he believed interest rate determined money demand). Thus, capitalists would feel that borrowing money from banks to finance investment could yield no profit and therefore they would be unwilling to increase investment. Keynes was of the opinion that of these three psychological factors, the second was most important, and that once capitalists lose their confidence in the future and refrain from further investing, an economic crisis would come and unemployment could not be avoided. From this, Keynes came to the conclusion that mere reliance on capitalist market strength to make readjustments cannot ensure that supply and demand balance each other, and that Sa Yi's view of supply automatically generating demand was erroneous. This was the Keynesian "revolution" in economic theory.

2. Analysis method. Before the formation of Keynesian doctrine, micro-economics was prevalent principally in the West. The objectives of micro-economics was the study of economic activities in a unit enterprise of a consumption unit. It analyzed how a unit enterprise rationally distributed its limited resources in the production of various kinds of commodities, so as to obtain maximum profit. It analyzed how a consumer unit, or a family, could suitably distribute its limited consumption income in various kinds of commodities, so as to obtain the maximum effect and satisfaction. Micro-economics also made an analysis of the quantitative relationship between production volume, cost of production, prices and profits of various kinds of commodities. It analyzed the determination of unit numerical value for the economic variables of salaries and wages, profits, interest and rent. Hence, microeconomics employed the quantitative analysis method. To analyze the problem of balancing a country's gross supply and gross demand, Keynes had to use the whole national economy as the object of research and carry out quantitative analysis. Hence, Keynesian economics was macroeconomics. Prior to Keynes, people in Western economic circles had already used the gross quantitative analysis method. Currently what we generally call capitalist macroeconomics refers to macroeconomics generated after publication of "General Theory." The special macroeconomic feature of Keynesian doctrine is the "analysis of income." That is, linking together national income and the number of people under employment as the central problems, and making an analysis of them. According to Keynesian economics, the definitions are:

Analyzing the national economy from the angle of total supply, then:



National income equals salaries and wages plus profit plus interest plus rent equals total consumption volume plus total accumulation volume.

Analyzing the national income from the total demand angle, then:

National income equals demand for consumer goods plus demand for investment goods equals total consumption volume plus total investment volume.

Seen from the supply side, national income equals total supply.

Seen from the demand side, national income equals total demand.

When national income is in a balanced state, that is, when within a stated period products produced can be sold, then:

Total supply equals total demand.

If total supply is less than total demand capitalists will expand production and hire more workers; if total supply is larger than total demand, capitalists will reduce production and discharge workers. Keynes believed that due to insufficient effective demand, under normal capitalist production conditions supply is generally larger than demand, thus causing surplus production and unemployment. In the opinion of Keynesian adherents, this set of macro-economic analysis engineered by Keynes with analysis of income as the center, is a "revolution" against the former traditional economic methods of analysis.

3. Economic policy. Before the formation of Keynesian doctrine, economic policy discussions in Western economic circles centered on monetary policy. The special features of this kind of monetary policy were: The central bank, by means of adjusting the discount rate, and through such channels as buying and selling government bonds in the securities market and adjusting the legal reserves of commercial banks, effected control of the money volume in circulation and the interest rate. The purpose of monetary policy is to stabilize commodity prices. Keynes, in accordance with his "income analysis" method believed that the cause of economic depression and unemployment under capitalism were total supply being larger than total demand, and that there was insufficient "effective demand." Therefore, the target of economic policy should be to stimulate demand so as to bring about "full employment." In his opinion, during the period of an economic crisis, capitalists lost confidence in the future. Since borrowing funds to finance investments incurs the payment of interest, the role of monetary policy in stimulating demand cannot be an important one; hence, he placed the emphasis on financial policy and emphasized that a capitalist government must intervene in the country's economy, and carry out an expansionist financial policy. Aside from adopting a taxation policy to encourage capitalists to invest, the government should directly undertake public engineering projects, engage in non-productive undertakings, and even expand the armed forces and make preparations for war. Keynesian disciples believed that in casting aside liberalism and upholding government intervention in economic affairs, Keynes was carrying out a "revolution" on another front in the field of economics.



From the above introduction, we can see that the purpose of Keynes using the so-called "psychological factors" to explain a capitalist economic crisis was to cover up the objective facts that the economic crisis was the outcome of the basic capitalist contradictions. Keynes evaded the basic contradictions of capitalism but his efforts to ward off the capitalist economic crisis by means of state intervention in the economy cannot be successful. Enforcement of the Keynesian policy will only make the monopoly capitalist class attain even greater profits through the state mechanism.

### Evolution in Keynesian Doctrine

Commencing in the 1950's, Keynesian disciples, following the "revolutionary" line outlined by Keynes, explained, revised, and supplemented Keynesian economics and evolved the so-called "new Keynesian doctrine." The "new Keynesian doctrine" had two major schools. One was the "new classical composite school" headed by Paul Samuelson of the United States. The other was the "new Cambridge school" headed by Jones Robinson of England. Below, we shall briefly describe how Keynesian theory evolved into the two schools of the new Keynesian doctrine.

#### 1. The New Classical Composite School

The new classical composite school was also called the school of "post-Keynes main current economics." People representing this school were all Americans which led people to call the school "American Keynesian doctrine." The "new classical" economics had been in circulation in the West as traditional economics before the Keynesian doctrine. The "new classical composite school" carried the meaning of synthesizing Keynesian economic theories with the new classical economic theories. The special features of this school were: Adopting Keynesian advocations on the "principle of effective demand," "income analysis" and state economic intervention, at the same time absorbing certain basic elements of the new classical economics. The representative production of the new classical economics was the British economist Marshall's (1842-1924) "Principles of Economics." Marshall's economics did not discuss the value of commodities but only the prices of commodities which he called "balanced prices." On the basis of the "theory of balanced prices," he offered a set of distribution theories to justify the claims of distribution under capitalism as being rational and the non-existence of capitalist exploitation. The macroeconomics portion of Samuelson's book mainly elucidated Keynesian economic theories, while its microeconomics section principally explained Marshall's economic theories. Why should the new classical composite school sum up and link Keynesian theories with new classical school theories? The two main reasons were as follow:

First, Keynesian economics were meant to treat short-term economic problems, hence emphasizing the stimulation of demand so as to alleviate the economic crisis of capitalist surplus production. But, according to the long-term view, the ultimate determination of a country's economy is production and solving the problems of supply. At present, in capitalist countries such as Britain and the United States, the labor productivity growth rate is a slow one, there having even been negative growth in certain years. At the same

time, investments are also showing a very low growth rate. Conditions of this kind have aggravated unemployment and currency inflation. For this reason, the new classical composite school felt the necessity to make an analysis of the supply side in essential factors of production, thus supplementing the insufficiency of merely analyzing demand. In capitalist class economics, analysis of essential factors of production and their price fluctuations belong to the field of microeconomics. Hence, this type of supplementing is tantamount to using microeconomic theories to supplement macroeconomic theories. The new classical composite school thus endeavored to make use of the analysis from the supply of production's essential factors and the price fluctuations to explain the macroeconomic phenomenon in capitalist countries currently facing the coexistence of unemployment and currency inflation.

Second, in the opinion of the new classical composite school, the economy of modern Western developed capitalist countries is a kind of "mixed economy," comprising two constituent parts, namely, public and private economy. The so-called public economy refers to that portion of the economy administered by the state, while private economy refers to the private enterprise structure. In their opinion, Keynesian economics was basically suited to the public economy while the new classical economics was suited to the private economy. That is, a capitalist economy must have state macroeconomic adjustment and regulation and must also put the role of market mechanism into full play. State regulation and adjustment should prevent and treat economic depression, so as to stabilize the economy. Putting the market mechanism into full play should rationally dispose and fully utilize resources so as to enhance economic efficiency. But the new classical composite school did not simply list the two alongside one another. Rather, their main point was to stabilize the economy by means of state regulation and at the same time endeavor to seek help from market forces to achieve the same purpose.

The new classical composite school's "mixed economy theory" was an erroneous interpretation of the social nature of modern capitalism. They separated the capitalist free enterprise system from state monopoly capitalism which had developed on the basis of that system, terming state monopoly capitalism as the "public economic department," and endeavoring to give people the impression that the portion of the economy administered by capitalist countries was to serve the interests of the masses. In reality, be it private capitalism or state monopoly capitalism, both were founded on the basis of wage labor.

## 2. The New Cambridge School

Before the actual formation of the Keynesian doctrine, in Britain's Cambridge University, a new classical school, customarily known as the "Cambridge school," began to take shape. Subsequently, a number of Keynesian principal adherents in Britain came to Cambridge University to teach and formed the other school of Keynesian doctrine, known as the "new Cambridge school." The new Cambridge school inherited certain basic theories of Keynesian economics, especially firmly upholding Keynesian viewpoint on the market mechanism's inability to solve the capitalist economic

crisis. The new Cambridge school differed greatly from the American new classical composite school in the interpretation and revision of Keynesian theories. The new classical composite school was of the opinion that the major point in Keynesian theories laid in "demand control," whereas the new Cambridge school believed that the important points in Keynesian theories were found in the discussions in Chapter 24 of the "General Theory" dealing with social philosophy. The latter pointed out emphatically the following two points in this chapter: 1) The unequal, and hence, irrational, distribution of wealth and income under capitalism; and 2) in a capitalist society, a class of people exist who sit idly by and live on the collection of interest; only through the elimination of this class can a capitalist society change its appearance. Since these two problems are related to income distribution, the school took the problem of income distribution as the central study. The main points of their theory on income distribution were as follows: National income consists of two parts, namely, wages and profits. The ration between these two parts is determined by the profit rate. The higher the profit rate, the larger is the relative weight of profits in the national income. The lower the profit rate, the larger is the relative weight of wages in the national income. Wages and profits are opposed to each other. The changes in profit rate are interrelated to the changes in capital accumulations and technological conditions in production. Hence, following an increase in investments and growth in the economy, the proportion occupied by wages in the national income tends to fall and in the competition between wages and profits, the changes are in a disadvantageous direction for wages. The new Cambridge school believed that the maladjustment in income distribution was the main cause of the malady in a capitalist society. They advocated that the target of economic policy should be the revision and improvement of the capitalist distribution system. The policy proposition consisted of the following points: Collection of a cumulative income tax, and providing low-income families with adequate subsidies; reduction in armament expenditures so as to develop civilian enterprises; elevating the cultural level of the unemployed so as to enhance their chances of obtaining employment; reduction in financial deficits and balancing the budget, and so on. Furthermore, they strongly advocated the collection of an inheritance tax of a confiscatory nature, thus restricting the centralization of properties in the hands of certain private individuals and thereby reducing the income of those who live on interest earnings. The new Cambridge school unveiled the phenomenon of distribution inequality in national income of a capitalist society and adopted a critical attitude toward the Western countries' financial deficit policy and currency inflation policy. Hence, it was also known as the "Keynesian leftist school."

The new Cambridge school's theory is in reality a kind of theory of distribution determinism. According to this theory, it would seem that the source of all the problems of capitalism did not lie in the capitalist ownership of the means of production, but in the inequality of income distribution. And that the problem of inequality in income could be solved without changing the capitalist private ownership system, and that immediately upon solution of this problem, capitalism would proceed to the so-called "new stage in civilized living." As we all know, under the capitalist system, elimination of those who live on interest earnings, and realization of equality in income

distribution would be a categorically vain thought. The income determinism theory could already be found in capitalist economic thinking in the 19th century. At that time, it was sternly criticized by Marx.

Although both the new classical composite school and the new Cambridge school took Keynes as their teacher and preached the same bible, that is, the "General Theory," due to the different interpretation held by each side, the two schools argued vehemently with each other on a series of theoretical problems. The new Cambridge school considered themselves as being "orthodox" in Keynesian economics and accused the new classical composite school of falsely converting Keynesian original meaning, calling the latter "bogus" Keynesianism. On the other hand, the new classical composite school held to the belief that only through the synthesis of Keynesian theories with the new classical economics could Keynesian doctrine continue to display its role, and in return accused the new Cambridge school of having distorted Keynesian original meaning. Because the new classical composite school had its center in Cambridge, Massachusetts in the United States, the dispute between these two schools of Keynesian doctrine has generally been called the "dispute between the two Cambridges."

Regarding the evolution of Keynesianism, aside from the formation and development of the new classical composite school and the new Cambridge school, in Western countries certain economists have made various kinds of revisions and supplements to Keynesian theories, such as the theories of investment, consumption, currency, and so forth. They will not be specifically discussed here.

What Does the Development of Keynesian Doctrine Show?

The evolution of Keynesian doctrine elucidated the following two points at least:

FIRST, KEYNESIAN DOCTRINE CANNOT SOLVE ECONOMIC PROBLEMS CURRENTLY FACING THE CAPITALIST COUNTRIES.

Since the end of World War II, capitalist governments such as those of Britain and the United States have adopted Keynesian theories to prevent the occurrence of a serious economic crisis. Hence, Keynesianism has become the main basis for economic policies in these countries. For about 20 years after the war, these countries did not meet with any serious economic crisis, their unemployment rate was not too high and currency inflation was not serious. As a result, adherents of Keynesianism became greatly elated, announced this as the victory of Keynesianism and called this period the "Keynesian era." However, the good fortune did not last long. By the late 1960's the capitalist world economy plummeted suddenly. Production stagnated, unemployment greatly increased, and there was vicious monetary inflation. The currency crisis was accompanied by an economic crisis, while unemployment and monetary inflation coexisted. Under such conditions, those economists who originally had voiced their opposition to Keynesian doctrine, rose en bloc and attacked Keynesianism. Their accusation was to the effect that the adoption of Keynesian policy had led to astronomical red figures in the United States

budget, to deterioration in international payments by the country, and to a wavering of the U.S. dollar. These in turn shocked the whole capitalist world economy. In turn, they pointed out: The postwar "golden era" had been formed by various internal and external factors and had by no means been the result of enforcing Keynesian policy. Facing the cruel hard facts, economists within the Keynesian camp were all in a fluster. Jones Robinson, the new Cambridge school representative, called loudly in dismay that a "second crisis" had occurred in economics theories (the first crisis referred to that in the period of the great capitalist crisis in the 1930's. The new classical economics prevailing at that time were unable to offer a satisfactory explanation), because Keynesian theories could not explain the situation of the coexistence of unemployment and currency inflation.

According to Keynesian theory, in order to counter the unemployment problem, government must increase expenditures and permit the existence of moderate currency inflation. The theory also contends that only under conditions of full employment could expansionist financial and monetary policies lead to serious currency inflation. However, in the 1970's the prevalent facts were that a large volume of unemployment and vicious currency inflation existed side by side. Thus, Keynesian entire principle of using a moderate form of monetary inflation as the price for solving the unemployment problem became a bubble. Facing these conditions, Keynesian adherents could not but admit the limited character of Keynesian theory. As we all know, what Keynes mentioned in his "General Theory" was of a relatively static nature; the analysis method he used belonged to the short-term analytical type; the object of survey was closed-door type economy; and the problem to be solved was the special depression of the 1930's. The subsequent economic problems encountered by Western countries were not the same as those of the 1930's. If the theories expostulated in Keynes' book were used without any change to solve the even more complex future economic problems, they naturally will not work. For this reason, Keynesian adherents have attempted to revise Keynesian theories and put them on a long-term basis and in a dynamic state. They advocated the "theory of economic growth," and attempted to develop Keynesian short-term, relatively static, balanced analysis, into a long-term dynamic balanced analysis. For this reason, they have formulated economic growth model to find the answer to the long-term stable growth of the capitalist economy. But the performance of the capitalist economy has not followed the course of their model. By the end of the 1970's, the economies of the major Western capitalist countries had not only shown no growth but also indicated signs of stagnation. Under such conditions, followers of Keynesianism attempted to find a way to shake off the dilemma from the micro-economic side. For example, the new classical composite school in order to counter currency inflation, advocated the "income policy" and recommended that capitalist governments carry out control of income, principally by restraining wage increases, thus lowering the cost of production and thereby easing currency inflation. To counter unemployment, they advocated the "manpower policy," and recommended that government provide training for unskilled workers, and at the same time improve the labor market structure, thereby increasing employment. But this measure of merely alleviating the symptoms of an illness without getting at the root of the problem has yielded very scanty results. For this reason, the current governments of Britain and

the United States, the two countries most affected by Keynesian doctrine, no longer take the theories of Keynesianism as the major basis for their economic policies. These facts fully explain the inability of Keynesianism to solve the difficult economic problems faced by capitalist countries.

## SECOND, KEYNESIAN DOCTRINE IS A STRUCTURE FULL OF ERRORS AND SELF-CONTRADICTIONS.

The two Keynesianism factions, the new classical composite school and the new Cambridge school, were opposed to each other. The extent of their opposition to each other was not less than the extent of Keynesian opposition to the old doctrines which he criticized when carrying out the "revolution." The cause for the appearance of such a phenomenon was not because of any difference between the nature of Britain's capitalist system and that of the United States but because of the existence of various kinds of contradictions in Keynesian doctrine itself.

The first contradiction in Keynesian economic theory is: On the one hand, he declared that he would break with the new classical economics then occupying a dominant position in the West; on the other hand, he said that after enforcement of his recommended policy, when the total output volume was not far different from the output volume under a state of full employment, the theory of the new classical school would still be correct. Thus, a dispute arose between the followers in interpreting and developing his theory. The new Cambridge school emphasized the first point of Keynesian thinking mentioned above and contended that since Keynes had already carried out the "revolution" and broken with the old doctrines, even though now Keynesian theories had met with difficulties, help should not be sought from the new classical economics, and there should be no return to the old road. The new classical composite school laid their emphasis on the second point mentioned above, believing that at a definite level of employment, the new classical economics were still correct and to synthesize it into Keynesian economics would also be correct.

The second contradiction in Keynesian economic theory is: First, he believed that by means of capitalist government adopting a macroeconomic policy and enforcing "demand control," it could solve problems met by capitalism such as enterprises not operating to full capacity, workers being unemployed, and surplus production. However, second, he believed that the existing problems in the capitalist economy had their historical background. Under the capitalist system, there were the social problems of a class of people living on interest earnings, inequality in income distribution, and so forth. Only through solving these social problems could there be any possibility of the capitalist society "changing its appearance." His self-contradictory words in this connection again caused differences among his successors. The new classical composite school placed their emphasis on the first point mentioned above. They believed in the correctness and effectiveness of "demand control," and said that to further improve demand control should be the main point in inheriting Keynesian doctrine. For their part, the new Cambridge school put the stress on Keynes' second point. They believed that the economic problems of capitalism had a deep social origin and that failure to



perceive this point would be a diversion from Keynesian basic thinking. They explained: The great proportion of the pages in the "General Theory" were devoted to discussions on "demand control." There was very little content on changing the capitalist system of income distribution or on eliminating the class of people living on interest earnings. This was because at that time Keynes had to concentrate on how to deal with certain short-term economic problems that had then risen, and he was thus unable to put his viewpoints on income distribution into full play. The task of Keynes' successors should be to bring into full play the viewpoints which Keynes did not discuss in detail.

From this it can be seen that the reason for the two opposing schools coming into being in the course of the evolution of Keynesianism was due to the self-contradictions in Keynesian doctrine. To be sure, the divergence between the new classical composite school and the new Cambridge school may be traced to their different social and historical background. England is the home of the classical political economy. It had a relatively deep influence on the new Cambridge school, which was especially influenced by Ricardo's doctrine. They themselves admitted that in the sectors of value and distribution theory they inherited Ricardo's doctrine. Hence, the new Cambridge school was also known as the "new Ricardo school." The environment of the new classical composite school was in a United States' environment where socialist ideas had never been formed into an ideological tide, and the force of pressure from the liberalism doctrine was enormous. Therefore, it was quite natural for the new classical composite school to turn back and accept the liberalism doctrine of the new classical school. As time passes by, there will be even more evolutions in Keynesian doctrine.

#### Conclusion

Since the publication in 1936 of Keynes' "General Theory," 50 years have elapsed. During these past 50 years, it was first treated by Western economists as "something different." Subsequently, it received the commendation of British and American political circles and was rapidly propagated. Further on, as the official economics of Britain, the United States and other countries, it became the new orthodox economics. Today in the West, Keynesianism is still a branch of economics learning wielding great influence. Keynesian economic theories have laid the foundation for modern Western economics, opening up new roads to research on economics, and signalling the formation of an important school in current era economics. The publication of the "General Theory" was no doubt a big event in the history of economics. It is already a fact that Keynesianism occupies an important position in Western economic doctrines. Keynesian economic doctrine is not a scientific structure but consists of theories and policies from certain quarters which have played a definite role in treating capitalism's short-term economic problems. Keynesian concepts of capitalist government economic intervention suits the taste and demand of state monopoly capitalism, and at the same time is the objective demand of capitalist socialized large-scale production. The new classical composite school synthesized Keynesian microeconomic theory with traditional macroeconomic theory into an integrated structure of current Western economics, and thus



spread its influence to the whole capitalist world. Their theories pertaining to regulation of macroeconomic operations and improving microeconomic efficiency fully deserve our study. The new Cambridge school has adopted a relatively realistic attitude regarding the socioeconomic problems currently met by capitalist countries. Certain of their theories are also worthy of our further study. Precisely because of this, be it a Marxist or a non-Marxist, and be it a supporter of Keynesianism or its opponent, they all need to study the doctrine of Keynesianism, and observe the evolution and direction of movement of this school of study.

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## ON THE SPIRIT OF THE TIMES IN THE STUDY OF HISTORY

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[Article by Qu Lindong [4234 2651 2639]]

[Text] The study of history has this characteristic: It takes as a starting point the study of man's former societies and has serving the present as its point of return. Thus, the study of history not only has an historical quality but also, to a greater degree, has a quality of the times.

### I. The Study of History and the Times

In discussing the relationship between the study of history and the times, we might as well first do a little historical investigation. According to Li Dazhao, seen from the languages of China and many countries of the world "the primary meaning of the word 'history' in all cases relates to the recording of events; the sources on which the study of history can be carried out originate with recorded history." The mechanisms of recording are different, but they all "record the various events which actually occurred." ("Historiographical Essays of Li Dazhao," p 205) This "recorded history," of what we commonly refer to as historical texts are, regardless of whether we look at them from their contents or as mechanisms by which historians record things, are all reflections of and demands of reality. Although the mechanisms by which historians record things all have their particular emphases, moral, political, psychological, cultural and so on, they are nothing more than manifestations in different respects of a particular time. Further, according to Wang Guowei's investigation, in China "many of the ancient officials' titles came from history." The characters "history," "official," and "official business" were all inseparably linked. This shows that the function of the historian, according to the original meaning was directly linked with current reality.

This relationship between the study of history and current reality inevitably gives the study of history a quality of the times. Perhaps we can hold that if historians and historical works can bring about new achievements in understanding history by the people of a particular time, then it will be possible to meet and respond to the new questions thrust forward by the times, and both in theory and methodology there will be continual new exploration, which will allow the study of history to better serve current reality and thereby,

to different degrees, reflect the spirit of the times in the study of history. In China's study of history, this is clearly so.

Let us look at things from realizing new achievements in having people understand history. Sima Qian based himself on the requirement "to set the standard for enquiry into the relationship between heaven and an examination of the changes between the past and the present," and compiled our nation's first comprehensive history involving a series of biographies, "Records of the Historian." This was to become the crown of the "official histories" and showed the courage, insight, and abilities of the historians in the early period of feudal society in summing up the entire history of the past. The Sui and Tang Dynasties ended the situation of division between the Northern and Southern Dynasties and people began to have new understandings of the nationality relationships. In the early part of the Tang Dynasty, there were eight histories compiled--the "History of the Five Dynasties" involving the Liang, Chen, Qi, Zhou and Sui Dynasties, as well as the "History of the Jin Dynasty," the "History of the Southern Dynasties" and the "History of the Northern Dynasties." These no longer completely adopted the old concepts of nationality discrimination which existed in the histories of the earlier dynasties, but reflected a spirit of the times whereby "the tribes and the Chinese were unified" and "all under heaven was one family" in a situation of political unity. The great chronologically-arranged work "Comprehensive Mirror for Aid in Good Government" by Sima Guang which "set down good things as example and evil things as warnings" and Wang Fuzhi's "Comments on Reading the Comprehensive Mirror" which comments on the historical events recorded, showed that historical understanding of political rise and fall, success and failure was moving toward a more systematic and theoretical level. Both of these works were reflections of the spirit of the times in the study of history through the historians' understanding of history.

Let us now look at things from the angle of meeting and responding to the new questions put forward by the times. In a period of great historical change, historians are brave in facing the new questions put forward by the times and through much effort and deep thought great works are compiled. These works are records of historical change and are also reflections of the requirements of the times. At the beginning of the Han Dynasty, one of the major questions faced by the ruling groups at that time was the summing up of the lessons of the downfall of the Qin Dynasty, in order that they would be able to devise ways by which they could rule both long and peacefully. Lu Jia, Jia Shan, Jia Yi and such people all made contributions in this respect. Sima Qian's "Records of the Historian" also placed stress on summing up the historical experiences of the fall of the Qin Dynasty and the rise of the Han Dynasty. In the "History of the Sui Dynasty" and the "Governing Precepts of the Zhengguan Reign" compiled in the Tang Dynasty, there was a similar characteristic in the summing up of the important political questions of how the Sui Dynasty fell and how the Tang Dynasty arose. After the Anshi rebellion and the mid-term wane of the Tang Dynasty, Du You could not avoid reality and openly stated that the aim of his work "Comprehensive Statutes" was to "gather together various accounts, to verify details of persons and events so the results can be used in government." During the Song, Liao, Western Xia and Jin Dynasties the social contradictions

were very complex and the Southern Song historians successively wrote about contemporary history, reflecting their concern for the actual problems. In the period between the Ming and Qing Dynasties, there was development of the historiographical idea of using historical texts for practical purposes. In the modern period the ideological tide of saving the nation from subjugation and ensuring its survival arose in historical studies. Research into the history and geography of border regions as well as the history and current situations of foreign countries and Wei Yuan's historical books were a response to the foreign invaders and even more reflected in the development of the study of history and its intimate connection with the pulse of the times. In the last 100 years, historical study has become one of the powerful forms of public opinion giving rise to innovation, political reform and even revolution. This is well known by everyone.

Let us now look at things from the angle of the continuous new exploration made by historians both on the theoretical and methodological levels. This is not only one of the superior traditions of China's historical studies, but also a manifestation of the historians' great efforts to have their own work keep pace with the times. The "Records of the Historian" was not only unprecedented in terms of historical records, it was also unprecedented in its utilization of theory and methodology. Liu Zhiji's "Compendium of History" was the first work to systematically and critically use the method of recording history through biographies. It contained theory in various respects, ideas on the role of historical studies, on the training of historians, and ideas on the principles for writing history. What is especially worthy of note is: Zhang Xuechang's "Fundamental Principles of Cultural History" provided a quite complete theoretical summary of the historians of our nation's feudal society, Liang Qichao's "New Historical Studies" was an attempt by the author to establish a bourgeois theory of historical study and Li Dazhao's "Essentials of Historical Study" was the foundation work in Chinese Marxist historiographical theory. These people were born in three different ages and their objectives were naturally different. Thus the spirit of the times which they reflected was extremely distinctive.

Marx and Engels pointed out: "The real contents of all epoch-making systems are all formed through the needs of the time which give rise to these systems. All of these systems have as their base the entire development of that country in the past and also have as their base the historical forms of class relationships and their political, ethical, philosophical and other consequences." ("Complete Works of Marx and Engels," Vol 3, p 544) The spirit of the times in the study of history of course cannot be divorced from this base. However, apart from being conditioned by the universal principle noted here, it is also conditioned by the object of research, that is history itself. It must be stressed that what is referred to here as the spirit of the times in the study of history is something which historians and history books will possess only if they reflect to some degree the trends of the times and their intrinsic qualities. Throughout the ages there have been those who have excelled at distorting history. What they have produced is not "history" and of course there is no way to even talk about the spirit of the times in the study of history.

## II. The Spirit of the Times in Historical Studies and Workers in Historical Studies

If we accept what has been written above, how then are workers in historical studies going to conduct their own research and writing so as to better reflect the spirit of the times in the study of history. This is of course an extremely important question.

As far as this question is concerned, in Chinese historical studies, there are two points worth noting. First, some historians believe that the understanding and practice in linking up historical studies and the times derive, to differing degrees, from conscious understanding and requirements, and they take this as the objective and the sacred mission in compiling history. The Qing personality Gong Zizhen, in his "Honoring History" held: The reason the office of historian is so respected is not because of his function in recording events or in passing judgment on what is right or wrong. Rather it is the ideology and spirit of the historian which is respected. If the historian did not have ideology or spirit, he would not understand the various people and events in society and then what he said or wrote, if it was not irrelevant somniloquy, would be lifeless nonsense without any benefit for society. This is a conscious understanding of the relationship between the study of history and the times. Second, the spirit of the times in the study of history manifests a special richness. China has a very long history and historians have emerged in an endless stream. The spirit of the times in historical study has, due to people and the age, seen very different forms. Specifically, the richness of the spirit of the times in the study of history is not only manifested in an historical summary of an age, or in reflecting the demands of society in times of change, or explaining the new options for a society after great historical changes and so on. It is also manifested in the fact that there are historians who pay attention to people's behavior, those who stress the evolution of systems, those who concern themselves with the relationship between nature and society, those who concern themselves more with summing up and improving historiography itself, and so on. In brief, in reflecting the features of the time, historians have a wide sphere in which to act.

Of course, if historical studies workers are to use historical study to reflect the demands of the times and the changes of the times, then they must have a correct consciousness of history and the times, and be able to link up very well looking at history through the times and looking at the times through history. Take for example Liu Zongyuan, the great thinker and writer of the Tang Dynasty who also made quite a contribution to the study of history. His works "Answers About Heaven," "Refutation of the Anecdotes of the Warring States," and "A Dissertation on the System of Principalities" are representative works of his new understanding of history in accordance with the level of understanding and social requirements of the times. Of course, this type of understanding in the past remained at an extremely ordinary level. After Marxism came into being historical study workers developed from the tradition of understanding history from the times to the stage where scientific theory was a guide. Marx pointed out: "Pondering the forms of human livelihood and thereby carrying out scientific analysis

of these is to adopt a road which is contrary to real development. This type of pondering proceeds from the situation after the event, that is to say, it proceeds from the completed result of the development process." ("Complete Works of Marx and Engels," Vol 23, p 92) He also said: "The dissection of the human body is the key to the dissection of a monkey's body. The characteristic signs of higher animals seen in lower animals can only be understood after they have been recognized in the higher animals." ("Selected Works of Marx and Engels," Vol 2, p 108) These words explain the principle that as man looks at history from the times, he obtains an increasingly rich understanding and an understanding which increasingly approaches the truth. On the basis of Marxist theory, Li Dazhao held: 1) It was not only possible but necessary that we use "new historical vision" and a "new historical concept" to observe, understand, and write about history. 2) "History has a fresh vigor and it is lively and progressive." Therefore there is no limit to man's continual new understandings of history. In this process, what the people of each age "understand as true facts and true understandings are not fixed, but comparative." ("Historiographical Essays of Li Dazhao," pp 190, 192) That is to say, following the progress of the times, and following the improvement and development of the comprehension abilities and historical understanding of workers in historical studies, they should and can provide new explanations for history. This is a manifestation of the spirit of the times in the study of history.

There is an even more important manifestation of the spirit of the times in the study of history. That is, seeing the present times through history, or using an historical view to explain the present, taking from the treasury of history the riches needed by the times to serve the times and to promote the progress of the times. This is the final aim and final point of return in historical studies work. Many of China's ancient philosophers adopted the penetrating judgment of using the past to look at the present. For example, Xunzi said: "If one looks at past events and uses them as warning for oneself, one will also be able to differentiate order and disorder, right and wrong." The words of historians on the past are even more indispensable. For example, Sima Guang said: "By looking at the rise and fall of previous generations, we can examine successes and failures of the present" and so on. These words all reflect the fact that our nation's historians have paid great attention to the spirit of the times of looking at the present through history.

Under the guidance of Marxism, of course the understanding of today's workers in historical studies exceeds that of the people in the past. The understanding has reached a scientific and more conscious level. First, seeing the present through history is an essential requirement for people to understand man's society in accordance with the objective process of the historical development of society. Engels pointed out: "Modern materialism sees history as a process of man's development. Its task is to discover the patterns of movement in this process." ("Selected Works of Marx and Engels," Vol 3, p 64) This understanding sweeps away the various mistaken ideas and distortions of man's social history, and therefore in social reality, which existed prior to the emergence of Marxism. Second, serving the present times through history is necessary if people are to penetratingly see into reality,

effectively transform reality and scientifically predict the future. In this respect, Marx is the great example. One of the reasons for his remarkable understanding and penetrating vision of French society was that he was extremely well-informed in terms of French history. In brief, regardless of whether we speak in terms of understanding or of practice, people should pay great attention to looking at the present through history. If this is not done, the study of history will lose its social value.

What is worthy of attention is that Chinese historians' idea of seeing history through the present and of seeing the present through history also includes the idea that "past," "present," and "future" are linked by a thread. Sima Qian's compilation of history was to "record past events in order to consider the future." Zhang Xuecheng believed that one of the roles of history was "to record knowledge of the past" so that "past events are not forgotten" and another was to "be intelligent about what was to come" so that "we can predict what is to come in the future." This is a very valuable ideological legacy. This ideological legacy gained new significance through the elucidation of Li Dazhao and Guo Moruo. Li Dazhao said: "Living history is the entire life of mankind which stretches from the past, through the present to the future. The past, the present, and the future are a single thread." ("Historiographical Essays of Li Dazhao," p 246) Guo Moruo said: "Looking forward to future society compellingly requires us to clarify what happened in former societies. The ancients said: 'Past experience if not forgotten is a guide to the future.' By clearly understanding former experiences, we can correctly decide on our future direction." ("Researches on Ancient Chinese Society--Preface") Comrade Mao Zedong also stressed that we should not cut ourselves off from history, but rather should study history, scientifically sum up the legacies of history, and use this to guide current social practice. This is an elaboration of this point as seen both from the scientific historical viewpoint and from the cause of proletarian revolution. This allows us to further understand that the task of workers in historical study is not only to be able to correctly explain history, but also through correctly explaining history to consciously serve the present and to thereby serve the future. This is the spirit of the times which all of today's workers in historical studies should have.

### III. The Tasks Faced by Workers in Historical Studies

Under current historical conditions, how are workers in historical studies going to give play to the spirit of the times in historical studies? This not only relates to the development of our nation's science of history but also relates to the question of how the study of history can serve revolution and can serve the building of socialist material civilization and spiritual civilization. In order to have the study of history better serve the present and in order to have the study of history achieve faster development, in terms of both understanding and practice, we should perhaps pay attention to these matters:



1. We should have a comparatively wide understanding of the social role of the study of history. In general, history is all-embracing and its social role is all-inclusive. Specifically because of the richness of social life and people's different interests and different requirements in the study of history, if workers in the study of history can, from a positive aspect, continually accord with these and thereby influence people's social life and enlighten people to consciously engage in the current activities of historical creation, then the social role of historians can be fully brought into play. Seen from the study of history in China, the major social roles of history have been as follows: To supply historical experiences to the political rulers; to provide an historical basis for major political decisions by the highest ruling groups, to train skilled persons for the state; as an advantage in establishing a good social atmosphere; to enlighten people to pay attention to their own moral cultivation, to accumulate and enrich natural knowledge and knowledge of class struggle, to promote the formation of a common mentality in the Chinese nation, and so on. When we come to the modern period, the study of history was even more a means of propagating patriotism and self-strengthening and a means of advocating reform and revolution. Historians have emerged in an endless stream and history recorded in writing has continued to appear. This has played an inestimable role in China becoming a great nation whose culture has never been broken, something rarely seen in the world. These roles are generally tightly linked with current reality and are required by the times. In the last few years there has been the view that China's traditional historical study was nothing more than a "mirror of assistance" in the emperor's rule. This is seeing the social role of traditional historians in too narrow a light. Today, we are in a different age, but we should have a quite sober knowledge and wide understanding of the social role of historical study, especially of its educational role. This is very important in strengthening the confidence of workers in historical studies and in fully bringing into play the social role of historians.

2. The question of theory and methods. Theory and methods are related but should not be seen as the same thing. In historical study work, Marxist theory and historiographical theory which is built on this base, should be placed in the guiding position. This is where the soul of the science of history lies. In understanding this guiding role, we should: 1) Adhere to the basic principles. 2) Not confine ourselves to its individual conclusions. 3) Use new research results to enrich and develop the original principle. The relationship between these three is one of unity, not of contradiction, much less a relationship of diametrical opposition. Progress in historical research methods plays a great part in promoting the development of the study of history. The continual improvement on the methodological level in the study of history in China and the widespread adoption of Marxist historical methodology both prove this point. It is worth pointing out that in no case can the adoption of a certain method be completely divorced from the guidance of a certain theory, and we should not magnify the role of methodology to exceed the limits of theory. At the same time, the levels of historical research are different, the specific questions are different and it is inevitable that different methods are adopted. Even in the study of one topic on one level, different methods of approach can be

adopted. Which is superior and which is inferior of course needs to be explained through theory, but in the end, the assessment will depend on the results of practice by the workers in historical studies.

3. The question of inheritance and new creation. Using all those beneficial factors of foreign historical studies as reference is an important condition for new creation in the study of history. On this point, many workers in historical studies have a quite clear understanding and put efforts into engaging in this practice. Of course, new creation in historical studies must involve the question of inheritance in historical studies. It should be recognized that as a result of the object of research in historical study, under present historical conditions, regardless of whether it is narrative history (this forms the majority), a theoretical summary of the objective processes of historical development, or a re-think of the development of history itself, in all cases it will have national characteristics. The so-called cultural difference between East and West is not only a difference in terms of region, but also one in terms of material production development levels and in terms of national traditions. Thus new creation in historical studies cannot be divorced from the objective base of 2,000-3,000 years of traditional Chinese historiography and over 60 years of Chinese Marxist historiography. That is to say, only on a base of inheriting the outstanding legacy of China's historiography will it be possible to explore roads for new creation in historical studies, to further develop Marxist historiography with the characteristics of the Chinese nation, and further enrich the historiographical treasury of all mankind. In brief, exploring, summing up and critically inheriting our nation's outstanding legacy in historical studies is still an important task of workers in historical studies. If they do not do this it will not be possible to even talk about new creation in historical studies.

4. Reflection on various specific problems. The times we face are times in which our nation will experience unprecedented reforms. They are times in which the world's scientific and cultural undertakings will advance by leaps and bounds. Those people who stand in the forefront of the trends of the times are all thinking about and envisaging the situation at the end of this century and the beginning of the next century. According to my superficial understanding, during the last 15 years of this century, workers in historical studies should perhaps consider putting their hands to three projects: 1) They should put great efforts into advocating and supporting the type of research whereby on the basis of the requirements in building socialist material and spiritual civilization, they discover topics in the actual lives of the masses as they create history, put forward research results and then provide historical grounds for decisionmaking in the current research work, and programs by which choices can be provided. In order to better promote this work, it is also possible to establish historical research consultancy organs at different levels and gradually have them form a network. 2) With the skills, knowledge and understanding appropriate to the 1980's and 1990's they should write historical works which are representative and which have a quite high level, and through this work train a high-level historical studies work contingent for the beginning of the next century. To do this, while formulating plans it is necessary to consider in

an overall way specific questions and overall needs and it is necessary to advocate the spirit of carrying out coordination in order to complete valuable major projects. 3) They should organize skilled personnel in various respects and write a full and accurate history of 20th century China, mainly a history of the period since the 1911 Revolution and particularly a history of the period since the founding of the PRC. As far as China is concerned, the 20th century has been a great century in which the country has undergone many earth-shaking changes. Scientifically summing up the century and writing this history is something which we, the people of this century, can leave as spiritual riches for the Chinese people who will live in the next century. This should be included in national plans for historical studies. Apart from this, the basic work of historical research should also receive sufficient attention.

The great study of history should reflect great times and great times must produce great studies of history. Those of us engaged in historical work should put common efforts into this and shoulder this important task of the times.

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'BLAZING NEW TRAILS' AND 'DEALING WITH CONCRETE MATTERS RELATING TO WORK'

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[Article by Ping Yijie [1627 5030 2638], secretary of the Hengshui Prefecture CPC Committee]

[Text] Blazing new trails and dealing with concrete matters relating to work are usually regarded as two completely different kinds of work style. In fact, a leader in construction and reform must combine these two qualities, and be a pioneer and a practical man as well. Only by integrating these two styles can he successfully exercise leadership in an original way. Here I would like to share my tentative views and experience with the leaders.

People often classify leading cadres into two types, namely, "practical men" and "pioneers," in light of the dominant feature of their work style. In fact we can find examples of these two types among our cadres. Those who fall into the first category like to take care of everything and work hard like ordinary cadres even though they are holding leading posts. They have even "kept themselves on the run." So some of them have become worn out soon after taking up new posts. Those who fall in the second category are eager to achieve something. In fact they have contributed quite a few new ideas. But these ideas fail to produce conspicuous results even though they have been widely publicized. The very reason why these two categories of cadres fail to do a good job is because both of them fail to take a rational attitude toward the two work styles--"blazing new trails" and "dealing with concrete matters relating to work." As I see it, dealing with concrete matters relating to work means to seek truth from facts or, in other words, to proceed in everything from the actual conditions and to do a solid job in real earnest to serve the people in light of the objective law, and blazing new trails means to make breakthroughs, to find out the objective law and then launch a reform based on practical work, casting away old conventions and adopting new concepts. In dealing with concrete matters relating to work, we must place special emphasis on the following principle: One must show full sincerity in serving the people, work in a down-to-earth manner to score good results, and follow a practical way of working and thinking. This principle is absolutely incompatible with the work style of those who only prate about the ultimate ideal of communists and stubbornly indulge in new tricks regardless of the actual situation, never

taking real action to honor their promises. In blazing new trails, we must place special emphasis on the following fact: Things are constantly developing in the rivalry between contradictory elements and are always improved while the old is destroyed and the new is established; therefore those who are content with things as they are and always strictly follow old conventions will not be able to give full play to their initiative in their work. Blazing new trails is absolutely not the same as the formalist practice of unremittingly playing new tricks, and it is completely different from commonplace routinism. It requires us not only to find out, face squarely, and respect reality but also to have a more accurate picture of reality and to more efficiently remake reality. To put it more precisely, new trails cannot be blazed without dealing with concrete matters relating to work and in dealing with concrete matters relating to work we must blaze new trails. So, blazing new trails while dealing with concrete matters relating to work means to uphold the dialectical materialist way of thinking and working. According to my personal experience, if we can understand the real meaning of pioneer work and practical work, apply the concept to our work, and thus cultivate our own work style, then we will be able to keep abreast of reality and do a better job with full confidence; and, if we fail to do so but consider these two styles as irrelevant, we will be divorced from reality or will fail to make breakthroughs in our work, our performance will be poor, and we will lose confidence.

In dealing with all work, we have to start from the objective reality, the specific environment, and the existing conditions we are facing. We can never "transcend" the objective reality and resort to the so-called "inspiration" and "magic knack." We must only start from the objective reality and work in a down-to-earth manner. Therefore, we must closely adhere to the principle of being practical and realistic. At the same time, as the objective reality varies from place to place and is ever-changing, we cannot possibly analyze all problems after a stereotyped pattern and solve all of them by a single hard and fast method. What we should do is to solve new problems by new methods and special problems by special methods after having a clear picture of each problem's special characteristics and law of development. This demands a pioneer spirit. Thus it can be seen that the practice of dealing with concrete matters relating to work and that of blazing new trails are the different parts of an organic whole which are closely linked to each other and cannot be separated. Our practice in Hengshui Prefecture in the past few years has fully proved this.

Situated in the depth of Heilong port, Hengshui Prefecture goes short of water and mineral resources and has no hills or large industrial enterprises. The prefecture used to be a poor and underdeveloped agricultural area in the past. For a long time people believed that although Hengshui Prefecture had plenty of arable land, all its farmland was "arid, impoverished, and alkaline" land; and, although the prefecture had a large population, all the people there were accustomed to the "farmers' life-style." The prefecture had failed to solve the problem of feeding its population more than 30 years after liberation. Such being the case, can it still claim to enjoy any favorable conditions? However, the total grain

output of Hengshui has been raised by 1 billion jin in 5 years and the total cotton output by nearly 800 percent in 4 years since the implementation of the responsibility system. This prefecture, which used to be faced with a "shortage of food and clothing" in the past, is now finding it "difficult to sell surplus grain and cotton." How has the prefecture managed to achieve this? The basic reason of course lies in the party's good rural policy; and implementing the party's policies in an original way in light of the local conditions is the key to success. Investigations and studies, as well as repeated analyses made by our leading cadres at all levels in the past few years, led to a conclusion that Hengshui Prefecture is suitable for large-scale plantation of alkali-resistant and drought-enduring industrial crops, such as cotton. So, the cotton growing area was expanded from 700,000 mu to 2.4 million mu in 3 years and the per unit area yield of cotton was raised from 49 to 109 jin per mu. This change involved a host of very difficult tasks which could never have been accomplished without giving full play to a down-to-earth spirit. In fact some original ideas had been put forth in the course of this change. In the past, "all farmland was used to grow grain and all the grain fields were used to grow wheat." But now a bold step has been taken--"the grain growing area has been reduced step by step while the cotton growing area has been gradually expanded." As a result, the expansion of the cotton growing area has effectively alleviated the difficult situation resulting from "drought and alkaline soil" and the consecutive good harvests of cotton have quickly turned "arid land" into "fertile land." Meanwhile, although the grain growing area has been reduced, the per unit area yield has increased from 320 jin to 501 jin per mu. Thus practice has proved that the integration of the principle of blazing new trails and that of dealing with concrete matters relating to work is the key to implementing the party's policies in an original way. Of course, while enjoying successes, we have had some bitter lessons. For example, how should we deal with township and town enterprises while carrying out the all-round contracting system for agriculture? It was in handling this issue that we failed to combine the pioneer spirit with the down-to-earth spirit. Without conducting thorough and meticulous investigations and making a serious analysis of the development trend and features of township and town enterprises in the new period, we rushed to the conclusion that the contracting system on a household basis cannot be applied to township and town enterprises and they cannot adopt any new system but retain the system of "eating from the same big pot" if they are allowed to continue to operate. So a laissez-faire policy was adopted, resulting in the dissolution of most enterprises and a decrease of 50 percent in the total income of all the township and town enterprises in the prefecture within 3 years.

To uphold the principle of integration of the pioneer spirit and the down-to-earth spirit, we must not only correct our understanding but also solve actual problems. According to my own experience, we must concentrate our attention on the following four aspects:

First, we must properly handle the dialectic relationship between pioneer undertaking and practical work, always blaze new trails in a down-to-earth manner, and deal with concrete matters in the light of a pioneer spirit. The pioneer spirit is to guide our practical work while the practical work

is to guarantee the success of a pioneer undertaking. A competent man of action should never "arbitrarily accept whatever views he has heard of" but should be an explorer imbued with the pioneer spirit. Without the pioneer spirit, practical work will become repetitive activities. However, neither should a real pioneer be a "romantic poet" who "pretends to be heavy-hearted to compose a new verse." Without a down-to-earth spirit, a pioneer undertaking will become mere wishful thinking. Without the dialectic integration of the pioneer spirit and practical work, both factors will become meaningless. Some of our cadres at the grass-roots level like to interpret the pioneer spirit as "three elements," namely, courage, insight, and method. Courage on the part of leaders means the courage they show in bearing responsibilities and in upholding the principle of seeking truth from facts under all circumstances. Insight means the quality of being adept at learning and summing up experience, and being well informed of the situation at both the higher and lower levels as well as the external circumstances. And method means the method of scientific leadership and the low-cost high-efficiency way of doing things. Practical work should also consist of "three elements," namely, sense of responsibility, affection, and willpower. Sense of responsibility means a strong sense of political responsibility for the party, the people, and the revolutionary cause. Affection means the affection for the broad masses of people and the idea of sharing weal and woe with the people. And willpower means an indomitable willpower which supports us when we encounter setbacks. In my opinion, although these two groups of "three elements" lay emphasis on different aspects, they often affect us simultaneously in our activities, whether we are blazing new trails or dealing with concrete matters relating to work. We can say that the brief interpretation of the pioneer spirit and practical work as two groups of three elements by cadres at the grass-roots level is a brilliant representation of the inseparable dialectic relations between the pioneer spirit and practical work.

Second, we must submit ourselves to the guidance of the basic principles of Marxism both in blazing new trails and dealing with concrete matters. Nobody should believe that original thinking and practice do not need theoretical guidance, because it is not man's subjective will to determine original or practical work which is a natural requirement the objective law imposes on leaders. Only a theory which accurately reflects the objective law is a correct theory. Adhering to Marxist theory in blazing new trails and dealing with concrete matters means to act in line with the objective law. In this connection, we did suffer setbacks. In 1984, we erroneously maintained that encouraging party and government organizations to do business and run enterprises should be taken as the guideline for "organizational reform." This mistake was not corrected until such a practice was proscribed by formal decree by the central authorities later. However, the reform had already suffered setbacks that could have been avoided. At that time, we did not have any correct theory to guide the operation of a planned commodity economy, we failed to draw a clear demarcation line between "guidance" and "involvement," and we were not clear about the difference between "abuse of power by cadres in doing business" and "enhancement of cadres' management efficiency." The reason why we suffered such setbacks was partly because we had failed to pay attention to the study of the basic theory of Marxism and



lacked correct understanding of the issue. The lesson taught us that a leader's first need is to integrate the basic theory of Marxism with the practice of reform and construction and to raise his ability of applying the basic theory of Marxism to the solution of real problems. Failing to do so, a leader will be divorced from the guidance of correct theory. Then practical work may become a blind or foolhardy practice, and one may encounter many twists and turns in blazing new trails. This is an issue of basic importance not to be ignored.

Third, while blazing new trails and dealing with concrete matters, we must always bear in mind the dialectic concept that new things are something developed on the basis of old heritages, and we must analyze old things in the light of history, so that we can retain some heritage while developing new things, upgrade the heritage that we retain, establish something new while destroying something old, and thus advance step by step. Old things sometimes contain some rational elements. We will only create chaos if we emphasize the principle of "negating everything" as we did before. As far as the rural reform is concerned, the major shortcoming of the old structure is the system of "eating from the same big pot" regarding distribution, while its cooperative system featuring unified management is a rational aspect. If we can implement the principle of "applying unified management where appropriate and applying diversified management where necessary," then we will be able to establish some things while destroying others and thus give full play to the advantages of the two-level management system. However, when implementing the contract system linking remuneration to work on a household basis, some villages have one-sidedly emphasized diversified management but ignored unified management. As a result, the collective's accumulation has been shared out and the role of "unified management" and the "service" function have been weakened, which affects the development of production in breadth and depth. We are now facing similar ideological problems in the current industrial and commercial reform. Some people washed their hands of the business as soon as the authorities decided to delegate power to the lower levels, or they completely gave up the ideological and political work as soon as the authorities laid emphasis on the economic means. Therefore, we must pay great attention to the relationship between the "establishment of the new" and the "destruction of the old" to ensure that the reform will develop in depth along the right track. It is particularly necessary to adhere to this principle at the moment as the new structure is replacing the old one.

Fourth, we must always hold to the concept that practice is the most important thing. Any "brilliant idea" or scientific program can only be based on painstaking practice. Moreover, only those who throw themselves into practice can materialize their practical and original programs and plans. It is in the course of practice that new requirements relating to practical and original work constantly arise. We can say that blazing new trails and dealing with concrete matters relating to work is a process of gradual improvement of our cadres' leadership on the basis of practice. Without practice, we can hardly accomplish any practical or original work. Only by upholding the concept that practice is the most important thing and by keeping on practicing all the way through can we achieve real success in our

practical work and avoid putschism in blazing new trails. Only by doing so can we adopt a correct attitude toward the experience of others, blaze our own new trails, constantly sum up experience, improve our work, promote what is beneficial, abolish what is harmful, and avoid mistakes in the course of learning others' experience. Therefore, "looking about before taking every step" and "experimenting before carrying out a scheme on a large scale" are the essential procedures for accomplishing original and practical work.

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## ON STRENGTHENING THE SENSE OF DOING PIONEERING WORK

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 33-36

[Article by Zhao Delin [6392 1795 7792]; capitalized passages published in boldface]

[Text] In his "Report on the Seventh 5-Year Plan," Comrade Zhao Ziyang noted: "Since China is now in the initial stage of its modernization, more funds are needed for every field of construction....We should continue to carry on our fine tradition of building the country through diligence, thrift, and hard work." At present, we must educate and lead the people to strengthen the sense of doing pioneering work, correctly understand and successfully handle the relation between accumulation and consumption, guide people in a planned way in their choice of consumer goods, enable the people's consumption patterns to conform to our social conditions, natural resources, and national characteristic, and enable their consumption patterns to develop in a rational way. Doing these things means fulfilling an important current ideological and political task. Moreover, the building of our socialist spiritual civilization requires that these things be done.

### I. The Sense of Doing Pioneering Work Must Be Strengthened in the Initial Stage of an Undertaking

Since the 3d Plenary Session of the 11th CPC Central Committee, marked improvement has been made in the Chinese people's material wellbeing as compared with the 29-year period prior to 1978. As a result, people's sense of consumption has begun to change and they have made higher demands on consumption goods. This is only natural. However, due to the fact that the Chinese people's living standards were low over a long period of time in the past, and owing to the discovery made after opening up to the outside world that the living standards of the great majority of the workers in developed capitalist countries are much higher than those of their Chinese counterparts, some comrades and particularly quite a few young comrades have given way to impatience with their living conditions and consumption goods, looked forward to catching up with the American and Japanese workers' living standards very quickly, and wished to see the implementation of high wages and high consumption in China. This is a "surrealistic sense of consumption."

True, China has now developed its production, the Chinese national income has been rising continuously, and everyone wants to become well-to-do as soon as possible. However, China is now in the initial stage of its development. Overall, China is still a poor country. There are no objective conditions for implementing higher wages and high consumption in China. But there is a great need for the whole nation from the leadership to the masses to strengthen the sense of doing pioneering work, to build enterprises through arduous efforts, and to go all out to fight for building up the country through thrift and hard work.

The economic development of capitalist countries usually entails a very long initial stage of development. Let us take the United States as an example. With the publication of the "Declaration of Independence" in 1776, capitalism first developed in the northern part of the country. With the North winning the American Civil War in 1865, capitalism was able to develop further. The United States did not become a developed country until World War II. Although up to now, U.S. capitalism has been in existence for about 200 years, its initial stage of development lasted for a century and a half. Although Japanese capitalism came into being in 1868 during the Meiji Reformation, Japan did not become a developed country until the mid to late 1960's. Japanese capitalism also went through an initial stage of development, lasting nearly 100 years. When capitalist countries were in their initial stage of development, their working people lived in extreme privation and the state, social, and mass organizations' consumption and expenditures under the control of the big bourgeoisie were neither unrestricted nor unrestrained.

Among the histories of socialist countries, the longest is the Soviet history, which has been in existence for only 70 years. And the PRC has been in existence for only 37 years. Due to the fact that it is possible for socialist economy to sprout and come into being in a society of private ownership, owing to the fact that all the current socialist countries did not achieve transition on the basis of developed capitalism as envisaged by Marx, due to the socialist countries having poor foundations to start with, and in spite of the fact that socialist society possesses unparalleled superiority over capitalist society, every socialist country must go through a relatively long initial stage of development to accumulate experiences and wealth. In particular, owing to the PRC's socialism coming into being through a direct transition from a semifeudal and semicolonial society, and due to the fact that the PRC has a backward economy and culture and a very large population, the PRC will have to go through a much longer initial stage of building itself through arduous efforts. Therefore, under the current excellent situation, we must keep a clear head, and "it is imperative to have a sober understanding of doing pioneering work through arduous efforts." ("Selected Works of Deng Xiaoping," p 223) At the same time, we must lead vast numbers of cadres and the broad masses of the people to strengthen the sense of doing pioneering work and to adopt a correct sense of consumption, and correctly bring the already swollen demand for consumption goods under control, to ensure a basic balance of the society's total demand and its total supply and to promote smooth progress of the reform and steady economic growth.

## II. Strengthening the Sense of Doing Pioneering Work Does Not Mean Restraining Consumption

As far as the whole nation is concerned, strengthening the sense of doing pioneering work does not mean restoring the practice carried out during the Second 5-Year Plan which went in for high accumulation and low consumption. During the Second 5-Year Plan, China's average accumulation rate was 30.8 percent, the average annual national income dropped 3.1 percent, and the Chinese people's average annual consumption level dropped 3.3 percent. During the 3-year period of the "Great Leap Forward," which overlapped with the Second 5-Year Plan, China's accumulation rate reached 39.3 percent, the average annual national income dropped 1.9 percent, and the Chinese people's average annual consumption level dropped 2.9 percent. We have had enough of the hardship caused by this kind of high accumulation and low consumption and also caused by the serious disproportionate development of the national economy. This did not represent a true sense of doing pioneering work.

As far as the local areas, departments, and units are concerned, strengthening the sense of doing pioneering work does not mean arousing them to scramble for investments and imports nor does it mean arousing them to blindly go in for promoting capital construction in a big way. During the initial stage of development, all types of capital construction should be further promoted to lay foundations for expanded reproduction and for vitalizing economy. However, our principle is that feeding the population takes precedence over capital construction. This means that capital construction must not be carried out on a scale that exceeds national strength and financial capacity and that is also detrimental to the work of feeding the population and to the rational supply of consumption goods for daily use. During the Sixth 5-Year Plan, the general policy of the state was to increase investments in the permanently weak and backward sectors, including energy and communications, and to cut down investments in other fields. This was completely necessary. However, due to the fact that all local areas and departments wanted to get going and to go all out, there was an excessive growth of investments in general processing industries and particularly in those general processing industries that were not part of the state plan. As a result, the total investment volume exceeded the national capacity. For example, during the 1984-1985 2-year period, the whole public investments in fixed assets increased by 33.9 percent and 35 percent respectively as compared with previous years, thus greatly surpassing the 19.3 percent increase and the 20.3 percent increase in the national income which were calculated on the basis of the existing prices. Gaps were thus created. Therefore, the sense of doing pioneering work that we advocate does not mean "pioneering work" that exceeds the national capacity and is detrimental to the work of feeding the population.

As far as every worker is concerned, strengthening the sense of doing pioneering work does not mean that every worker should economize on food and clothing and be an ascetic monk, nor does it mean that every worker should "be thrifty even in days of abundance." It is imperative for socialism to eliminate poverty. In the past, due to "leftist" mistakes and the lack of experience, we did not do well in promoting socialist construction. As a

result, people throughout the country were forced to economize on food and clothing and to make the best of their unsatisfactory living conditions, and their sense of consumption and consumption capacity were restrained. Now, the issue of enabling 1 billion people to be adequately clothed and fed has been basically resolved, the people are moving toward a period of transition to become comparatively well-off, the people's sense of consumption and their concept of consumption have begun to change, and the trend of promoting production development through normal and healthy consumption is becoming increasingly clear and is being recognized by more people with every passing day. These things are just the reflection and effect of the law of economy.

However, China's social productive forces and social labor productivity are still at a relatively low level. China's means of production are not ample and its means of material subsistence that can be used for consumption purpose are also not ample. Moreover, there can be no marked improvement in these areas within a short period of time. Under these circumstances, it is quite necessary for us to lead the people to strengthen their sense of doing pioneering work and to correctly handle the relation between production and consumption and the relation between building enterprises through arduous efforts and prosperity.

### III. Several Issues Concerning the Current Strengthening of the Sense of Doing Pioneering Work

What do we mean by strengthening the sense of doing pioneering work? Overall, this means that the whole party and people of all nationalities throughout the country must make concerted efforts with one heart and one mind to promote the four modernizations; strive to steadily and surely carry out reforms of the economic, political, and cultural structures; speed up the self-improvement and self-development of our country's socialist system; eliminate malpractices within various structures; and, in the spirit of the foolish old man who removed the mountains, eliminate and remove all kinds of difficulties and obstructions that emerge while the reform, the opening up, and the modernization are in progress. In a definite and concrete sense, strengthening the sense of doing pioneering work means that with the unceasing improvement of their material and cultural wellbeing, vast numbers of cadres and the broad masses of the people should keep up the spirit and willpower characterized by waging arduous struggles, building up the country through thrift and hard work, going all out in work to make the country strong, and being brave in giving one's life for the cause. The current urgent demands are:

FIRST, UNDER THE GUIDANCE OF A STRONG SENSE OF DOING PIONEERING WORK, IT IS IMPERATIVE TO OVERCOME THE SPIRITUAL STATE CHARACTERIZED BY STICKING TO OLD WAYS, BEING BENIGHTED AND UNENLIGHTENED, AND ATTEMPTING NOTHING AND ACCOMPLISHING NOTHING. To open up a new prospect for socialist modernization with Chinese characteristics, we must carry out reform in an all-round way. This is a great cause without parallel in history. However, old ideas, old concepts, old morality, and old order conflict with the new ideas, new concepts, new morality, and new order that have been emerging one after another in the era of reform. These kinds of conflicts will certainly emerge in the course of every reform and will obstruct the advance of reform.

At present, the most important task in strengthening the sense of doing pioneering work is that we must strive to throw off the rope that has tied up the advancing wheel of reform; cast aside the spiritual state characterized by sticking to old ways, being benighted and unenlightened, and attempting nothing and accomplishing nothing; foster new concepts that help develop the socialist commodity economy; speed up the promotion of reforms in an all-round way; and quicken the pace of promoting the four modernizations.

SECOND, UNDER THE GUIDANCE OF A STRONG SENSE OF DOING PIONEERING WORK, IT IS IMPERATIVE TO BRING THE EXCESSIVE GROWTH OF CONSUMPTION FUNDS UNDER CONTROL. Doing pioneering work is not equivalent to accumulation. But there must be accumulation in doing pioneering work, and accumulation is "the most important progressive function of society." ("Selected Works of Marx and Engels," Vol 3, p 350) At the same time, normal and healthy consumption is the motive force that promotes the development of production. Therefore, it is very important correctly to understand and handle the proportional relation between accumulation and consumption. Due to the promotion of high accumulation for several years immediately after the smashing of the "gang of four," the 1978 accumulation rate reached 36.5 percent, thus disrupting the overall balance. Through regulation, the 1982 accumulation rate reached 29 percent, thus basically achieving coordination and enabling the people to really benefit from it. However, from the end of 1983 and in particular since 1984, there have again been excessive increases in consumption funds. Although the 1985 accumulation rate was brought down to about 32 percent, it was still too high. At the same time, as far as the form of value of the national income is concerned, there were excess distributions. For example, during the 1984-1985 period, the real income of the urban and rural people all over the country reached an average annual increase of 17 percent, national income increased by 11 percent, social labor productivity reached an average increase of 8 percent, and the total output value of agricultural and light industrial production, which affected the supply of consumption goods, reached an average increase of 12 percent. As a result, social purchasing power increased by 1.6 percent while the supply of goods only increased by 1 percent. These figures mean that during that period, the enterprises and people had the money, the market supply of goods and materials was relatively insufficient, the demand for both the means of production and consumption materials exceeded the supply, and the total social demand greatly exceeded the total social supply. This kind of situation would certainly reduce the accumulation of funds, bring about an increase in market prices purchasing power and production costs and a decline in the product quality, create a huge latent demand and a deficiency of reserve strength for economic development and give economic criminals and unhealthy tendencies openings to exploit. Therefore, strengthening the sense of doing pioneering work, keeping the unlimited expansion of consumption funds under control, and having a good grasp of the coordinated proportional relation between accumulation and consumption are truly tasks of top priority.

THIRD, UNDER THE GUIDANCE OF A STRONG SENSE OF DOING PIONEERING WORK, IT IS IMPERATIVE TO CHECK THE GROWTH OF A "SURREALISTIC SENSE OF CONSUMPTION." Over the past few years, with their increase in income, people throughout the



country, except those in poor and backward areas, have basically freed themselves from the "sense of consumption to survive" and the "sense of consumption to have enough to eat and wear." This is social progress. What is the new sense of consumption? People are exploring and seeking an answer. Some people have suggested that in improving people's material life and consumption, it is imperative to pursue a "nourishing type" [yingyang xing 3602 7402 0992], a "beautiful type," a "commodious type," and a "safe-and-longevous type." They have also suggested that in improving people's cultural life and consumption, it is imperative to pursue an "intellectual type" [zhishi xing 4249 6221 0992], a "pleasure-seeking type," a "diplomatic type," an "entertaining type," and a "happy-and-relaxed type." First of all, these people pursue electrification of household facilities, gorgeous furnishings, high-grade and expensive articles of everyday use, and nourishing food high in vitamins. These desires are fine and everybody hopes to realize these desires at an early date. However, China is still in its initial stage of development and the country's per capita national income is still very low. At present, on the average, workers in developed capitalist countries spend about 30 percent of their income on food, while Chinese workers spend over 58 percent of their income on food. During the Seventh 5-Year Plan, Chinese workers on the average will spend 55 percent of their income on food instead of the current 58 percent. Moreover, wages in China are still low. As far as the great majority of the Chinese people are concerned, it will be difficult to reach within a short period of time the consumption levels being pursued by the aforementioned comrades on the basis of China's national strength and financial resources of the people. The relatively quick improvement in the Chinese people's livelihood during the Sixth 5-Year Plan was made in the nature of paying "bills due" [qianzhang 2944 4348]. This payment has already created a considerable strain on China's financial resources. There can be no repeat of this kind of high-speed improvement during the Seventh 5-Year Plan. Therefore, if we do not check the growth that deviates from production and do not check the "surrealistic sense of consumption" that blindly pursues high consumption, the normal development of our national economy will be adversely affected and the people's long-term interests are bound to be infringed upon too. To lead a happy life at an early date, we must be realistic, keep expenditures within the limits of income, cultivate a strong sense of doing pioneering work and actually do pioneering work, and be really hard-working and thrifty. This way of doing things conforms to the lively historical dialectics.

FOURTH, UNDER THE GUIDANCE OF A STRONG SENSE OF DOING PIONEERING WORK, IT IS IMPERATIVE TO STOP ALL PHENOMENA OF EXTRAVAGANCE AND WASTE THAT SQUANDER STATE ASSETS. The practice of extravagance and waste is the archenemy of the practice of building enterprises through arduous efforts and building the country through thrift and hard work. The following are the prevailing behaviors and styles typical of the spoiled sons of a rich family in our economic work: Organizations are overstaffed and poorly managed with serious bureaucracy, thus causing inefficiency and enormous waste of manpower and material resources; there is no strict enforcement of the financial and economic discipline nor rigorous enforcement of economic accounting rules, thus causing reckless disbursements and expenditures and serious waste

of funds; idle and empty talk, disputes over trifles, and mountains of documents and seas of meetings create an uncountable waste of time. Therefore, to strengthen the sense of doing pioneering work, it is very important and necessary for us to rectify our party style and the general mood of society; to strictly enforce the financial and economic rules, regulations, and discipline; and to eliminate the enormous loss and waste of manpower, financial and material resources, and time. It is also very important and necessary for us to strengthen scientific management, to raise our labor productivity and the utilization ratio regarding funds, and to work hard for increasing production without increasing investment and for achieving speedy turnover and high returns.

FIFTH, UNDER THE GUIDANCE OF A STRONG SENSE OF DOING PIONEERING WORK, IT IS IMPERATIVE TO CARRY FORWARD THE DEDICATED SPIRIT OF WAGING TENACIOUS STRUGGLES. The "Decision of the CPC Central Committee on Reform of the Economic Structure" notes: In the new historical period, upholding the fine tradition of working hard and building the country through diligence and thrift "chiefly means carrying forward the spirit of defying all difficulties and waging tenacious struggles in dedication to the motherland and the people...." During the previous period, there was the argument that cadres that were needed were the "resourceful-and-capable type" and not the "hard-working type"; "a factory director in a well-ironed and trim Western-style suit is an able person while a factory director covered all over with grease is a mediocre person"; the "willing ox" [one who serves the people wholeheartedly] can no longer be of any help; and the spirit of "the foolish old man who removed the mountains" is outmoded. This argument has displayed a prejudice. Today, with the development of science and technology and with the renewal of implements and means of production, jobs such as Iron Man Wang Jinxi's job of jumping into frozen pits and carrying steel beams no longer exist in great numbers. However, our industrial and mining enterprises, construction worksites, rural fields, land and water transport services, drill and parade groups, and various other trades and professions still need people who can bear hardships and stand hard work and are willing to take infinite pains with both manual and mental work. In particular, if leading cadres at all levels do not go right to worksites, do not immerse themselves among the masses, do not go deep into the realities of life, are afraid of being exposed to the sun and storms, and do not fight along with the masses, how can they then make correct policy decisions and give effective leadership? Only by fostering a strong sense of doing pioneering work and firm devotion to revolutionary work, only by displaying the dedicated spirit of not hesitating to sacrifice one's all for the motherland's modernization, and only by working conscientiously and paying attention to science, can we acquire in a down-to-earth manner useful knowledge, effective management, energetic leadership, and correct policy decisions and deserve to be called pioneers, thus winning respect and support from the broad masses of the people.

In short, only by strengthening the sense of doing pioneering work, being bold in carrying out reforms, and being vigorous in making progress, and only by working hard and building the country through diligence and thrift, can we have much hope of realizing the four modernizations.

## HIDING ONE'S NAME, SCRAMBLING FOR FAME, GAINING UNDESERVED FAME

Beijing RED FLAG in Chinese No 22, 16 Nov 86 p 36

["Excerpts" from article by Lu Yiming [4151 5030 2494]--published in FENDOU [STRUGGLE] No 10, 1986]

[Text] The First-Class Combat Hero and Meritorious Cross Class Special holder Chai Yunzhen [2693 0061 2182], who was a volunteer army soldier as famous as Qiu Shaoyuan [6726 1421 0061], has for the last 30 years hidden his name and lived quietly in a secluded village high in the lofty mountains. His "Portrait of the Deceased" once hung in the Korean Military Museum. Finally, the party and the people found him, but he said: "The glory belongs to the motherland and the people," and he continued to maintain the distinctive character of an ordinary laborer.

Such a meritorious and illustrious person as Chai Yunzhen should have his name known everywhere and live an affluent life. As he had made a great contribution to the state, it was natural that the party and the people should give him the glory he deserved and the appropriate material remuneration. However, he did not consider himself a meritorious soldier and did not ask anything from the party or the people. He buried his name, gave up personal advantage, and was willing to be an unknown hero, quietly continuing to make contributions to the people. This type of behavior, where a famous person conceals his name, manifests the noble sentiments of a communist and is worthy of praise.

However, in life there are people who are not famous but who strive for a name. For example, in the reforms some leading cadres do not dare to take the lead, are afraid of this and that, are selfish in their motives, and are indifferent in their work. However, they frown upon those who are brave in reform, who are model workers, and who are pacesetters. They even slander and vilify them in order to scramble for fame. Even if this type of person obtains "fame," what glory is there in it?

There is another type of person who in order to obtain "fame" will use any methods. They either claim credit for other's achievements, or monopolize the right to achieve merit, or deceive their superiors and delude their subordinates with fraud and trickery. These types of acts, in which people are "blinded by the lust for fame," are far removed from the qualities of a communist and are despised by the common people.

We do not require that all "famous" people cover up their "fame" like Chai Yunzhen. We certainly must give great publicity to the achievements of heroes and exemplary persons so as to encourage people to strive to emulate worthy persons and rouse themselves to push forward. However, a distinctive characteristic of we communists is not to vie for fame or for personal benefit, and naturally this idea must be advocated boldly and with assurance.

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HOW SHOULD STATE-RUN WHOLESALE ENTERPRISES INVIGORATE THEIR OPERATION?--AN INVESTIGATION INTO THE SHANGHAI STATIONERY WHOLESALE COMPANY

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 37-40

[Article by Xu Ke [6079 2688]]

[Text] The Shanghai Stationery Wholesale Company is the largest wholesale enterprise dealing in the wholesale of stationery in our country. Currently, it employs a staff of 1,400 people and has 8 commodity operation departments and a storage and transport department. The commodities it handles include paper, ink, office appliances, students' articles, photographic materials, sports goods, Chinese and Western musical instruments, computers, cultural and educational articles, and so forth. In 1985, the company's gross sales volume amounted to over 1.2 billion yuan, equivalent to 24 percent of the country's gross sales volume in the type of commodities. Aside from supplying the Shanghai market, this company also directed its sales to the whole country and the volume of commodities sold to various places in the country amounted to 60 percent of its total sales volume. Its good or poor operation and performance directly affects the stationery market throughout the country. Previously, under the circulation system of state monopoly for purchase and marketing, the Shanghai Stationery Wholesale Company, in its capacity as the first-line wholesaler, controlled, on the one hand, the production enterprises, and, on the other, the second-line wholesale companies. Its stock being then sought after by the public, it was relatively easy-going in both purchasing and marketing. But after the reform of the circulation system and under the new situation of the existence of diversified economic forms, diversified operation methods and a large number of circulation channels, as a first-line wholesale company, the problems of how to display its strong points, invigorate operation, and continue to display its backbone role in regulating supply and demand, stabilizing commodity prices, and stabilizing and invigorating the market became a problem that urgently required solution. In order to suit the new situation, this company made continuous investigation, and dared to create something new. In connection with the industrial and commercial relations, purchasing and marketing forms and unification of enterprises' economic benefits and social benefits, the company has collected certain experiences and has achieved relatively good results. This company was given the Shanghai municipality 1984 enterprise management superior award; its manager was adjudged a superior manager in Shanghai municipality. In 1985, the Ministry of Commerce bestowed on the company the title of an advanced enterprise in the national commercial system.

## Earnestly Adjusting Industrial and Commercial Relations; Firmly Insisting on Serving Industrial Production

Seen from the angle of social reproduction, the relationship between industry and commerce is the relationship between production and exchange. The two rely on each other for existence and promote each other's development. During the years of unified purchasing and contracted marketing, commercial departments enjoyed "sole operation," the liaison between industrial enterprises and the market was cut, and information feedback was slow. Not only was this disadvantageous to production but it also impeded the further development of the exchange of commodities. Following the expansion of the decisionmaking power of the industrial enterprises, the enterprises have the power to engage in self-marketing or in selling a portion of their products independently. This has helped greatly in promoting a planned development of the commodity economy, invigorating the market and facilitating consumption. However, some comrades have been concerned with the possibility that under the conditions of there being many channels and a liberalized type of operation and management, state-run commerce may not have a sufficient source of supply of commodities and therefore may be unable to live up to the important mission of making good market arrangements. Aiming at the ideological realities of the workers and staff members, the leadership of the company has strengthened their education on the important nature of the reform. They pointed out clearly that in the enforcement of self-marketing by the industrial enterprises and taking a direct part in circulation, the enterprises have emerged from a strictly production type to a production-and-operation type, that this is advantageous to the production department having a direct grasp of market news, and augmenting the ability of the products to suit the market requirements, and is also helpful in smoothing out and expanding the circulation channels and facilitating the reform of the circulation structure. All this is in line with the direction of the reform and possesses strong vitality. Under the conditions of the industrial enterprises going into self-marketing, if the state-run wholesale enterprises wished to hold a sufficient source of supply of commodities, make good arrangements for the market, and continue to fully display the role of the main channel, they had to put to rights their business and operation ideas, firmly establish the viewpoint of serving industrial production and convert the original unifying and contracting relation between industry and commerce into open, frank, and reliable cooperative relations. They had to shift from the mere use of administrative tactics in the purchase of commodities to using different kinds of methods, particularly economic measures, in maximizing the purchase of commodities needed in the market and achieve the purposes of serving industrial production and serving the consumers in an even better manner. Their principal methods were as follows:

--They utilized a commercial intelligence network and strengthened investigation and research to perform a good job in market forecasting and promptly and unreservedly provided feedback to industrial enterprises on market information such as market supply and demand conditions, indications on quality and quantity of products, market condition of prices, production and marketing conditions of the same category of products in outside places, and conditions of this company's purchases, marketing, and profit earnings.

Simultaneously, they made full use of various methods such as calling information announcement meetings, information interchange meetings, and so forth, to find out in company with comrades in the industrial department, the trend of market supply and demand, and discuss the production and marketing plans of industry and commerce, and measures for improving product quality and renovating product varieties, thus enabling industrial enterprises to really feel that the commercial departments were actually their "eyes and ears," and their good counsellors, and that industry and commerce belonged to the same family, thereby devoting their hearts and efforts to one and the same direction.

--In profit distribution, they voluntarily gave way and allowed industry to have a large share of the profits. In recent years, due to fluctuations in the price of raw materials, the cost of industrial production has shown an upward tendency. In the purchasing and marketing activities, the conflict between industry and commerce has frequently been concentrated on the purchase price, that is, the distribution of the profits. Starting from the actual situation, the company shifted from the outdated management concept of never changing the gross interest rate but voluntarily gave way to and accomplished the objective of making more sales at lesser profits and seeking a large volume of sales but disregarding the rate. By so doing, they have rendered support to industrial production while concurrently deriving more income for the company through enlarging the volume of purchases and sales and facilitating the adoption by wholesale enterprises of their own ideas of operation as well as reform of their work in purchasing and marketing.

--Whenever industrial production met with difficulties, they would of their own accord render help, sharing the anxiety and solving the difficulties. Simultaneously with actively purchasing in the market commodities whose supply lagged behind demand and those that were marketable, the company would, in regard to those commodities which had great potential in production but for a time had suffered from slack sales in the market, concentrate on displaying the role of state-run wholesale enterprises in going into large purchases and large sales and allowing a large-scale long-range radiation, and take advantage of their strong points of having a commercial network which spread to various parts of the country to open up new markets to help the factories concerned to market their products. Alternately, they would readjust their plan for the inward purchase of goods and increase their reserves so as to support the sustained and stable growth of industrial production.

The close attention paid by the company's leadership of serving industrial production has won for the company the trust and support of certain industrial companies and factories in their fields. Between industry and commerce, a long-term, stable and reliable cooperative relationship has been formed; in difficult times, they would share the anxieties like people in the same boat in a stormy sea; while in good times, they would share the profits and join in development.



## Searching for a New Form in Purchases and Actively Opening Up Sources of Goods

In order to be suited to the new situation of there being many channels and operations of an opening up type, as far as purchases are concerned, in recent years the company has developed many new and diversified joint-operation forms so as to enlarge the volume of purchases of commodities, this in addition to firmly insisting on adopting the basic forms of linking together the production and marketing plans of industry and commerce and purchasing of commodities in accordance with production and marketing contracts or consultative agreements.

The first is joint operation in a close manner by industry and commerce. Its special feature is binding together the interests of the two parties--production and marketing, making them share the same risks. The joint-operation agreement signed by the company with a Shanghai paper-making industrial company has the following provisions: 1) The two sides, industry and commerce, organize a paper joint-sales department which handles the sales of all the paper produced for internal sales by the paper mill and paper purchased by the commercial side from outside areas; 2) the factory organizes production according to market needs and the commercial side regulates production and marketing through exercising its absorbing and releasing functions; 3) taking the 1980 profit earnings from the actual sales of both industrial and commercial sides as the base (1980 profit earnings of the industrial side were 1.28 million yuan and those of the commercial side, 12.80 million yuan), in subsequent years division of the profits in excess of the 1980 base amounts will be on the basis of 55 percent for the commercial side and 45 percent for the industrial side. In 1985, the industrial side obtained profits of 2.51 million yuan, an increase of nearly 100 percent over 1980 whereas on the commercial side although the growth rate of profits earned was lower than that of the industrial side (the 1985 profit earnings of the commercial side were 14.77 million yuan) it still managed to retain the materials in short supply which helped it to make the necessary market arrangements and display the role of the principal channel in state-run commerce. Thus both sides had their benefits. In 1984, the volume of purchases of paper by commercial organs and departments in the whole country was 13 percent of the national output; in Shanghai alone, the company's purchase volume was 41.9 percent of the total paper output in Shanghai.

The second is joint operation in a loose manner by industry and commerce. Its special features are that both the industrial and commercial sides coordinate regulation of the sales areas and negotiate with each other the sales ratio. The joint-operation agreement which the company signed with the Shanghai Pen Manufacturing Industrial Company carried the following stipulations: 1) Of the products manufactured for internal sales by the pen manufacturing company 83.5 percent will be assigned to the commercial department for sales while 16.5 percent will be retained by the industrial side for self-marketing; 2) the commercial side acts as the principal distributor or seller to the wholesale enterprises in the whole country while the industrial side undertakes to market to only those localities

where the channel of the commercial side does not operate smoothly or where the handling of Shanghai products is not so enthusiastic. This expands the volume of sales and at the same time maintains and protects the role of state-run commerce as providing the main channel. Since the joint operation in 1981, the company sold each year around 50 million iridium-point pens, being the largest seller of this commodity in the whole country. Due to the industrial and commercial joint operation, and with both sides responsible for production and the market, within 4 years, renovation of the design was made on 50 percent of the varieties of iridium-point pens made in Shanghai which roughly occupied 50 percent of the production volume of the whole country. At the same time, new varieties of gold-point pens and iridium-point dual-use pens such as the cloisonne enamel gift ballpoint pens were well received by the consumers. In the 3 years from 1982 to 1984, the profits of the industrial side increased by 4.8 percent yearly while those of the commercial side increased by 5.9 percent yearly. Thus, both sides obtained relatively good economic benefits.

The third is the tripartite industrial-industrial-commercial joint operation. Regarding products required by the market in large quantities but which Shanghai's production capacity could not meet, and in order to increase the purchase volume, the company used the method of "pulling strings to build bridges." It mobilized the Shanghai plant and plants of the same category in outside areas which possessed the necessary conditions or requirements to form a collective type of industrial-industrial-commercial joint operation. The procedure was: The Shanghai plant provided the standard of art-craft, took charge of the inspection measures, fixed the norms for the consumption of raw materials and subsidiary materials, and was responsible for the necessary technological guidance. The products turned out by outside plants which were found to be in conformity with the standard agreed upon would use the trademark of the Shanghai principal plant and would be turned over to the company for marketing and the profits obtained would be rationally divided between the three parties. The advantages of this type of joint operation were: The commercial side increased the supply source of goods which Shanghai industry could not fulfill well and it also enriched the market supply; outside enterprises, aided by Shanghai's technology, augmented their capacity of self-transformation and self-development; plants in Shanghai also increased their income through rendering technological services.

The fourth is that industry and commerce jointly invested in joint operation. The special features of this are: Direct participation by commerce in industrial production and the industrial and commercial sides both determined the direction of products, jointly shared the production and marketing risks, and jointly enjoyed the operation results. In recent years, there has been a shortage in the supply of rubber sports shoes, with no further potential to be tapped in Shanghai's several rubber sports shoes manufacturing plants. The company then proceeded to cooperate with Shanghai's Boashan County to jointly finance the building of a rubber shoe manufacturing plant, with a planned annual production capacity of 4 million pairs of shoes. Again, for example: In order to solve the problem of paper for packing products of light industry, the company made investments to carry out

technological transformation of the Liaoyuan city paper mill in Liaoning Province, producing a high-grade glass cardboard packing paper which was in short supply in the market. Regarding the products turned out by plants in which they invested, some enjoyed the right of having priority in purchasing the products, some had the privilege of having the products resold to them at special prices, and some would, according to the agreement, take a definite share of the profits. This type of joint operation made good use of the company's accumulated production development funds, increased supplies to the market and at the same time, supported the growth of local industries and increased the financial revenues of the localities. It is a type of joint operation form which has been relatively well received.

Development of lateral economic combinations, including lateral combination between industrial and commercial enterprises as well as between commercial and commercial enterprises conforms with the objective demands of the development of a socialist commodity economy. It helps in rationally and effectively utilizing the social production resources, increasing production, smoothing out the circulation channels, and invigorating circulation. It is highly commendable that the company has promptly made useful investigation and study in this connection.

#### Paying Attention to Social Effects; Fervently Serving the Customers

The Shanghai Stationery Wholesale Company, simultaneously with opening up the sources of supply of goods and studying the new forms in purchasing goods, has vigorously improved its marketing work, paying close attention to the social benefits and fervently serving the customers.

--Reforming the antiquated methods of "fixed locality, fixed object, and fixed prices," and employing a liberalized type of operation. Regarding the object of supply, it makes no difference whether the locale is north or south or whether the client is a public official or a private person; regarding the circulation of commodities, a shift is made from distribution and allocation relations to trading and cooperative relations; as for the supply of commodities, the past method of "proportionate distribution" is changed to selecting the best to supply according to economic considerations.

--Reforming the operation style. The "seated or static merchant" is changed to the "roving or mobile merchant," actively and fervently performing a good marketing job. In addition to taking part in national commodity exchange fairs, the company has organized and convened meetings for placing orders and exhibition and marketing meetings in a number of localities and sent delegates to outside areas to attend various goods-exchange fairs in the localities. At the same time, it also rendered such services to clients as delivering goods to the countryside and bringing samples and delivering goods to the customer's door.

--Setting up sales bases in regions where sales are relatively concentrated, thus consolidating and developing the sales front of Shanghai products in the regions. In analyzing the history and present condition of the existing phenomenon of supply, the company would first sum up and synthesize a survey

of the geographical location, transport conditions, operation basis, radiating capacity, market potentials, and progress of any reform of the structure, before determining where the sales base should be located. At present, it has signed some 35 medium-length and long-term goods supply agreements with 10 large cities and towns in the country including Tianjin, Shenyang, Harbin, Wuhan, Changsha, Zhongqing, Kunming, Xingdao, and Xian, and established sales bases in these cities. The volume of sales in these bases has amounted to roughly 30 percent of the company's total sales volume. The establishment of sales bases has enabled the supplier of goods to have a relatively stable sales channel while the buyers can obtain extra benefits, thus making the relationship between the two sides more intimate. At the same time, since the commodities sent by the company principally consist of goods which the localities concerned cannot produce themselves, it can perform the role of regulating the variety of goods, enriching market supply in the localities, and enhancing the level of the local industries.

--Firmly insisting in its operations on giving the same status of preference to both big and small commodities, thus satisfying the variegated requirements of customers at various levels. The company has insisted on the viewpoint of "small commodities being just as essential." Inside the company an award has been designated for handling and managing small commodities, encouraging the workers and staff members to do a good job in the purchase and supply of small commodities. For example, it has been able to keep a full stock of "red, yellow, blue, white, and black" commodities (that is, red scarf, large and small copy books, blue ink, white chalk, and blackboard) and those goods for the use of the students. In order to solve the problem of the public finding it difficult to procure small commodities, the company has adopted a series of concrete measures to create advantageous conditions for the retail stores, so as to arouse their enthusiasm for handling small commodities, such as printing a catalog of essential small commodities for distribution to the relevant retail stores, inviting their supervision and observance; lowering the starting point for wholesales and insisting on breaking up the whole and selling piecemeal; in the event of the small commodities having a large number of designs and colors, allowing the retail stores to make their choice at will; in cases where the retail stores, after purchase, have discovered goods missing, or in dilapidated condition, insisting on first making the necessary replacements from the company's stock before contacting the factories concerned; insisting on accepting orders by phone, registering shortages of goods, delivering goods to the customer's door, light packing and light unloading, and quick delivery and quick transport. As a result of the above-mentioned measures being relatively concrete, effective, and able to catch the attention of retail stores and encourage them to restore the handling of small commodities, much convenience has been accorded to the students in their studies and to the general public.

--Being particular about professional virtues and strict in inspection of commodities and supplying the market with commodities that are standard quality and reasonably priced. The company has been especially watchful of the quality of products and has set as its motto "live for quality." The company has set up a senior-rank commodity research section which is

especially responsible for quality control work; a quality inspector is stationed in its commodity business department and the company has set up a quality control network. It is willing to spend large sums of money on the purchase of tools and equipment for quality inspection and has fervently helped enterprises in various localities and brother stations in inspecting the quality of commodities. It has actively taken part in the industrial department's compilation or revision of quality standards of commodities, and in their periodic inspection and test of the quality of products, and setting up major reference files on the quality of commodities. In the first half-year of 1985, the company undertook the testing of the quality of 38 major products of which 37 products were found to be up to standard. Among those manufactured under the supervision of the company's license (that is products manufactured under the company's registered trademark) all were up to standard. Among the commodities manufactured under the license of another factory and handled for marketing by the enterprise, the quality of one commodity was not up to standard and the company forthwith decided resolutely to stop purchasing that product.

Concurrently with paying attention to the quality inspection of domestic-made products, the company has done well in inspecting imported commodities. Under the conditions of the poor quality of the inspection instruments and the shortage of reference materials, developing this category of work has many difficulties, but good results have been obtained just the same. In the first half-year of 1985, two batches of imported cameras were found upon inspection to be not up to standard. Following negotiations, the foreign merchant concerned not only agreed to replace the goods but also compensated with goods worth 1.8 million yuan. As a result of the company having paid close attention all along to the quality of products, from 1982 to 1984 for 3 years in succession the company has been adjudged to be an advanced collective unit in quality control by the First Commercial Bureau of Shanghai Municipality and the bureau has awarded it second prize for scientific and technological intelligence.

--Paying attention to post-sales service work. Following the development of science and technology and the rise in the people's consumption level, such modern office appliances and medium- and high-grade cultural goods as electronic computers (tool), duplicating machines, electrical organs and cameras for taking colored pictures have come into general use. Meeting the demands of the new situation, the company has actively opened up the handling of new categories and new varieties of cultural goods. But handling these categories of commodities requires business personnel who have relatively high cultural and technological levels. In recent years, the company has organized many sessions of various kinds of technological training classes, training up several hundred technicians and handling personnel for its brother wholesale enterprises in 15 provinces and cities. With the increase in the number of high-grade cultural goods imported from abroad, repair work of the commodities has been found to be difficult. The company has stationed special repairing personnel in its various machines departments to ease the contradiction. By means of the above-mentioned measures, sales work has been transformed from merely buying and selling products to the integration of circulation and technological services. It not only

expands the sale of the commodities but also augments the operation ability of the brother wholesale enterprises and enables the purchasers to get rid of worries about the difficulties of repairs. Thus, the quality of service has been further raised.

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HOW SHOULD WE UNDERSTAND THAT OPENING TO THE OUTSIDE WORLD IS ALSO APPLICABLE TO THE BUILDING OF SPIRITUAL CIVILIZATION?

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 41-42

[Article by Zhu Junfeng [2612 1498 1496]]

[Text] As a basic state policy of our country, opening up to the outside world applies to the building of material civilization, but also applies to the building of spiritual civilization. We should understand this point from our historical experience and the present practice in our country.

The world's history of ideological and cultural development is composed of the exchanges of thought and culture between different nations and different countries which assimilate each other's thought and culture. In the "Manifesto of the Communist Party," Marx and Engels brought to light the objective inevitability of the interdependent relations and intercourses between various countries and nations in the capitalist era in cultural development as well as in material production, with their cultural achievements being shared by all nations as mankind's common property. Particularly in modern times, with the development of modern industry, the establishment of the world market, and scientific and technological progress, exchanges between countries have become an irreversible trend. On the basis of economic, scientific, and technological exchanges, the thought and culture of various countries have gone beyond their territorial boundaries and have influenced, assimilated, and penetrated one another. The thought and culture of our Chinese nation are famous for their time-honored splendor in the world. Chinese culture has not only been developed from the fertile soil of its nation, but also from cultural exchanges with other nations; not only contributes to the development of the world's spiritual civilization, but also assimilates the essence of foreign culture to enrich itself. The party Central Committee's resolution on the guiding principles for the building of spiritual civilization on the basis of summing up historical experience points out: "The modern history of China and the world shows that no country can progress if it refuses to accept elements of advanced science and culture from abroad."

We must consistently carry out the policy of opening up to the world in the process of socialist modernization, and should also absorb the outstanding achievements of mankind's thought and culture in the building of socialist



spiritual civilization. We should learn and master the advanced science, technology, universally applicable economic management and administration experience and other useful culture from other countries in the world, including capitalist countries. This will not only enable us to raise our scientific and technological level, improve economic and administrative management, and develop educational, scientific, and cultural undertakings, but will also help our people broaden their vision, emancipate their minds, and establish new concepts and a new pioneering spirit which are suited to our modernization cause. Meanwhile, it will also enable us to absorb the progressive elements of thought and morality in capitalist society. In capitalist society, the bourgeois morals hold a ruling position, but there also exist the fine thought and morals of the working people, such as diligence, bravery, faithfulness, friendship, unity, mutual aid, and so on. In order to maintain the normal order of social life, there are moral standards that all citizens are required to observe, and people are required to observe public order, behave in a civil manner, keep public places clean, and protect public facilities. We should learn from all these good things. Meanwhile, we should also realize that opening up to the outside world is favorable to the development of Marxism. Since we began to open up, all kinds of Western thoughts and theories have been introduced to our country. They not only form a challenge against Marxism, but also provide an opportunity for the development of Marxism, because Marxism is developing through struggle. Today, if we are to develop Marxism, we must study the new changes in the modern world, study various schools of thought, and critically absorb and sum up the latest achievements of various branches of science in their development.

The results of practice are most convincing. Our practice in the past few years has shown that opening up to the outside world not only promotes the development of economic construction, but also provides necessary material and social conditions for the building of spiritual civilization and effectively promotes spiritual civilization. On the one hand, we absorb other developed countries' successful experience and positive elements in developing education, science, and culture so as to promote our education, science, and culture. This also enables people to come into contact with advanced scientific, technological, and cultural knowledge, arouses their enthusiasm for learning scientific and cultural knowledge, and helps people realize the position and role of intellectuals and thus cultivate an atmosphere of respecting knowledge and respecting people of learning. On the other hand, opening up has brought about changes in people's ideas and concepts and enabled them to find their advantages and disadvantages through comparison with other countries, and this can build up their national self-esteem and self-confidence, arouse their lofty aspiration of catching up with the advanced countries by doing hard work, and prompt them to break with the old conservative conventions and outmoded traditions and to establish a series of new concepts such as efficiency, economic results, competition, information, knowledge, value, technological progress, intellectual investment, and human resources development. At the same time, with the in-depth development of reform and opening up, people will further develop their democratic consciousness and their understanding of the legal system. Opening up to the outside world will certainly give a strong impetus to our socialist cause and play a great role in promoting the building of spiritual civilization.

It must be pointed out here that foreign thought and culture contain both good and evil things, so we should apply the stand, viewpoint, and method of Marxism to the painstaking analysis of the foreign things in order to select the essence and discard the dross. We must adhere to the four basic principles and must continue to open up to the outside world. Only thus can we really absorb the good achievements of the world's thought and culture and at the same time resist the corrosive influence of various decadent thoughts so as to create a high degree of socialist spiritual civilization which is subject to the guidance of Marxism, critically carries forward the traditions, fully embodies the spirit of the modern times, strikes root in China, and is also oriented to the whole world.

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HOW SHOULD WE UNDERSTAND THE FOUNDING OF NEW CHINA AS THE BEGINNING OF THE  
REVIVAL OF CHINA'S GREAT CIVILIZATION?

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 42-44

[Article by Zhang Leike [1728 7191 0344]]

[Text] China is one of the cradles of world civilization. According to English philosopher Francis Bacon, the four major inventions of ancient China changed the features and state of matters throughout the world. Up till the 16th century, China had far surpassed many countries and regions in many realms of natural sciences, maintaining the world's advanced level. China even had splendid attainments in many aspects of the humanities. However, under the yoke of feudalism and imperialist invasion, China fell far behind in modern history. The ancient Chinese nation that once created a splendid civilization met with endless disasters of humiliation and plunder. It was not until the first red flag with five stars was hoisted at Tiananmen that China started to be relieved from the degradation of barbarism and ignorance, and this marked the beginning of the revival of China's great civilization on the basis of socialism.

The key to the revival of China's civilization lies in the Chinese people overthrowing the three great mountains overburdening them, under the leadership of the Chinese Communist Party, and setting up and consolidating the people's democratic dictatorship based on the worker-peasant alliance led by the working class. For the first time in history, a socialist system free of oppression and exploitation was built in China, with millions upon millions of working people becoming the masters of their own country and taking their fate in their own hands. They have since exercised their own democratic rights and realized the lofty ideal for which numerous noble-minded people had pursued and striven for centuries. Socialist new China now stands in the East of the world; never again will it tolerate invasion by foreign nations and trampling by the great powers. Just as Comrade Deng Xiaoping put it: "It is since the birth of the People's Republic that our great country, with nearly a quarter of the world's population, has now stood up--and stood firm--in the community of nations. That's how Comrade Mao Zedong put it: The Chinese people have now stood up." ("Selected Works of Deng Xiaoping," p 263) This earthshaking change was the basis for the revival of China's civilization, as well as its fundamental guarantee.

The founding of new China has paved the way for the building of material civilization. The awful mess left over by the KMT reactionaries was basically put in order, the ruins of war were cleared up, the revival of the national economy began, the national economy has developed in a planned way, and an industrial production system has been gradually built with relatively complete divisions and a rational layout. In only 3 decades and more, China's output of cotton yarn now ranks first in the world, output of raw coal ranks second in the world, output of steel ranks fourth in the world, and output of crude oil ranks ninth in the world. We have witnessed a marked change in the farming condition in China, and the level of agricultural production has been upgraded considerably, with the output of grain ranking second in the world. China started from scratch with its war industry, but now China can produce conventional weapons including airplanes, tanks, and warships, as well as develop such strategic weapons as atom bombs, H-bombs, guided missiles, and nuclear submarines, and has mastered the most advanced technology of national defense. Despite the fact that the building of material civilization in China has followed a tortuous path because of the interference by "leftist" errors, as a whole, the gross output value of industry and agriculture has registered a higher annual average growth rate than the majority of the world's countries, with a yearly increase rate of over 8 percent. The living standards of the Chinese people have been markedly improved. This great progress that marks the fundamental difference from old China has caught the attention of the world, and initially demonstrated the advantages of the socialist system.

The founding of new China has also created conditions for the building of spiritual civilization. Shortly after the founding of the PRC, the party led the people throughout China in cleaning up the filth and mire left over from the old society. Class exploitation and oppression were eliminated within a short span of time, and all feudal superstitions and foolish and backward conventional rules and customs were swept away as historical rubbish. The fine traditions of the Chinese people, their diligence and industry, honesty, and being true to their word, their support of the poor and those in difficulty, their self-respect as well as their unity and friendliness have been inherited and carried forward on a new basis, and brand-new ethical features and mental state have gradually come into shape. In the 3 decades and more since the founding of the PRC, the undertakings of education, science, culture, public health, and physical training have developed with unprecedented speed. The Chinese people have gradually broadened their vision and raised their ideological consciousness and the level of science and culture. Historical experiences have clearly proved that the revival of China's great civilization is possible, and it has gradually become a reality only in the splendid age of socialist new China.

The 3d Plenary Session of the 11th CPC Central Committee signaled that China has entered upon a new historical stage and has brought new vitality and vigor to the revival of civilization. With the implementation of bringing order from chaos and the unfolding of reforms and opening up, important progress has been made in the building of socialist spiritual civilization along with the development of material civilization. The party ideological line of seeking truth from facts has been implemented and brought forward,

the democratic legal system has been gradually made complete, and the social atmosphere and trend of showing respect for knowledge and qualified people is in the shaping, education, science and culture are thriving with each passing day, people's ideology and mental state are undergoing profound changes, and the enthusiasm and creativity for socialist construction have been heightened markedly. However, we should also see that our socialist new China came into being on the basis of the semifeudal and semicolonial old China, and the decadent ideas of feudalism and capitalism are still corrupting people. To further push forward the revival of China's great civilization, we should unite and educate the people of all nationalities with a common ideal under the new historical condition, eradicate the pernicious influences of feudalism and decadent bourgeois ideas in every aspect of social life, absorb all fine results of human ideology and culture, work hard to upgrade people's level of ideological and ethical qualities, persevere in focusing our vision on construction in everything, and promote the development of social productive forces. This revival will not only create a high level of material civilization but will create a highly developed socialist spiritual civilization.

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## WHY DO WE SAY THAT OUR PATRIOTISM IS CLOSELY LINKED WITH INTERNATIONALISM?

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 44-45

[Article by Qin Weiren [4440 3262 0088]]

[Text] Patriotism is an important moral standard, and a huge spiritual force. A deep feeling of patriotism displays a strong rallying and centripetal force and has a major influence on people's thinking and action. The building of socialism with Chinese characteristics requires that our workers, peasants, intellectuals, PLA men, and other laborers and patriots display their patriotic spirit of "loving the motherland, the people, labor, science, and socialism" and turn this "five loves" spirit into concrete action in building and defending the powerful modern motherland. An important aspect of our socialist spiritual civilization is to encourage people with patriotic spirit, build up their national self-esteem, self-confidence, and pride, and fully arouse the initiative, creativity, and resourcefulness of all patriotic people. This includes Hong Kong and Macao compatriots, Taiwan compatriots, and Overseas Chinese, and this is also an important condition for our socialist modernization.

Our patriotism is closely linked with internationalism. Our socialist cause represents the fundamental interests of the common desire of the Chinese working class and all Chinese people. At the same time, it is also a part of the world's development and progress. Its success or failure determines not only the destiny of the Chinese nation, but also influences the world's progress and the international proletarian revolution. To develop the socialist cause in our country and to build a high degree of material and spiritual civilization, we will contribute an opinion and a moral force to the world's progress and the international proletarian revolution, provide our practical experiences for the world's people, and at the same time perform our internationalist duties in opposing hegemonism, safeguarding world peace, and supporting the world people's revolutionary struggles. Lenin pointed out: "There is only one kind of real internationalism, that is, to work untiringly to develop the revolutionary movement and revolutionary struggle in one's own country, and to support (by means of propaganda, sympathy, and materials) the same struggles in all other countries without exception." ("Selected Works of Lenin," Vol 3, pp 52-53) We share the same fundamental interests with the people, especially the proletariat, in all other countries. The development and consolidation of our socialist cause

will greatly support and contribute to world progress. Therefore, our present effort to build ours into a powerful socialist country with a high degree of civilization and democracy is not only a patriotic cause, but also an international cause.

The consolidation of our people's democratic dictatorship and our socialist system needs the support of the proletariat and the people in other countries; our modernization program also needs their support. Only by combining patriotism and internationalism and developing friendly exchanges with other peoples on the basis of peace, equality, and mutual benefit by supporting and learning from each other, can we rapidly develop our modernization and really make contributions to world progress.

World progress needs a benign international environment, and the modernization program in our country also needs a lasting peaceful international environment. Due to rivalry between the superpowers for world hegemony, the present world is not as peaceful as we would hope. Therefore, an important part of the Chinese people's patriotic duty is to oppose hegemonism and safeguard world peace, and this is also our international duty. Ours is a socialist country with a large population of 1 billion people, so we should make greater contributions to mankind and to the whole world. However, ours is still a developing country with modest strength and our socialism remains at the elementary stage. There is still a wide gap between what we have done and what we should do. The party central leadership has decided that we must raise our economy to a rather more developed level by the end of this century and catch up with the developed countries by the middle of the next century. To achieve this objective, we should adhere to the principle of combining patriotism with internationalism, bring all positive factors into full play, and concentrate on speeding up the pace of modernization. At the same time, we should develop and strengthen relations with other countries on the basis of the five principles for peaceful coexistence, strengthen foreign economic cooperation, support the revolutionary struggles in the Third World or launched by other peoples, oppose hegemonism, and safeguard world peace. Thus, through our efforts during the next 10 years, and in the coming decades, we will substantially develop our economy and lay a more solid foundation for the performance of our internationalist duties, and will then make greater contributions to world progress.

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# WHY DO WE SAY THAT SCIENCE IS AN IMPORTANT INDICATION OF THE LEVEL OF A NATION'S CIVILIZATION?

Beijing RED FLAG in Chinese No 22, 16 Nov 86 pp 45-46

[Article by Zhang Xiaolin [1728 2556 2651]]

[Text] A nation's progress from barbarism and backwardness to civilization and advance is always accompanied by the development of science. Without the emergence and development of science and without the guidance of scientific spirit, civilization would not have arisen and developed. In a sense, a nation's history of progress toward civilization is a history of development from ignorance and barbarism to civilization and science.

First, science is in itself the precious treasure of human spiritual civilization and portrays from a certain angle the level of a nation's civilization. Science is the basic form for people to understand and familiarize themselves with the objective world. It reflects the development law of objective things in the form of rational logic and is the crystallization of human wisdom. Before human beings acquired a scientific understanding of the things around them, although they had freed themselves from the confinement of nature they were still puzzled by numerous mysteries in nature and were generally in a spiritual state of utter ignorance. Their minds were often filled with imagination and even absurdity. They did not understand landslides and earthquakes, thinking that these were the howls and roars of the deities; they did not understand thunder, lightning, and the moving of stars, thinking that these were controlled by the heavenly deity; they did not understand the emergence of human beings or why they died, thinking that there was "God," "heaven," and "hell" and that human life was nothing but the rotational reincarnation of the soul on earth. All this led to some people worshipping heaven, earth, and spirits. Mysteries in nature, however, were resolved one after another following the emergence and development of astronomy, medical sciences, mechanics, and mathematics. Astronomy replaced astrology, pharmacy substituted for primitive pill making, Copernicus' "heliocentric theory" triumphed over Ptolemaeus' "geocentric theory," and Darwin's "theory of evolution" negated the "theory that God created the world." From barbarism, human society entered civilization. The progress of human history keeps posing new problems for science, and this has helped greatly promote the development of science. The development from Newton's classical mechanics to Einstein's modern mechanics and from

the explorations of cytogenesis and basic particles to the explorations of oceans and space indicates the progress of human understanding of the objective world and suggests that human civilization has risen to a new height.

Second, the emergence and development of science has given a great impetus to social production and is an important indication of the development level of material civilization. The development of material civilization is always imprinted with the traces of science. The invention and application of metallurgical technology allowed iron tools to replace those of stone and led to the negation of slave society by feudal society, thereby promoting the great development of production. The emergence and application of steam mechanics enabled large machinery industry to replace handicraft industry, thus making conditions easier for feudal society to enter capitalist society. The reason science has become an effective lever that can push forward human society and history lies in the fact that it can enrich human intelligence, improve human creativity, make new implements for production, and discover and improve new environments for work. Science displays its role in the entire process of material production and is materialized into a productive force that pushes forward material civilization. According to statistics, the role of science in raising productivity accounted for 5-22 percent at the beginning of this century; this percentage has now risen to 60-80 percent. No wonder many people have summed up the competition in production between various countries into a competition in science and technology. He holds a leading position in material civilization who gains mastery of advanced science and technology.

Third, science is an important condition for promoting the progress of human ideology and morality. The progress of human ideology and morality accompanies the development of science. Backward ideology and morality generally grow on a soil of ignorance. The removal of ignorance by science will inevitably bring about the renewal and development of ideology and morality. The spiritual pillar of the feudal autocracy in the Middle Ages in Europe was religious superstition and divine right. The development of natural science shook the theoretical basis of religious superstition and in the meantime provided rich nutrition for the emergence of the bourgeois humanist [renwen zhuyi 0086 2429 0031 5030] ideological trend as well as for the proposition of political slogans such as "human rights, freedom, and equality," thus paving the way for the birth of capitalist ideology. The decadent feudal ideas left over from the feudal rule that lasted several thousand years in China were invariably connected with superstitious ideas. Therefore, the May 4th Movement called for the application of science and the practice of democracy. It used science as a banner to oppose feudalism, thus bringing about great emancipation in ideology and morality in modern Chinese history.

China has witnessed great ideological and moral progress since its liberation. But due to the influence of old traditions, quite a number of old ideas and old habits remain in social life, and some people are still in the habit of worshipping spirits and Buddha, having their fortune told, believing in geomancy, and seeking witch doctors' advice. All this has resulted from backwardness and ignorance. Therefore, only by strengthening education in scientific knowledge will improvement be made in the people's ideological and moral level.

Fourth, science helps change and develop the way of thinking. A way of thinking reflects the level of a nation's intelligence, and its development is based on the development of science. Engels said: "What propelled philosophers forward in the long periods from Descartes to Hegel and from Hobbes to Feuerbach was not what they described as solely an ideological force. What really propelled them forward was, on the contrary, the mighty growth and increasingly rapid progress of natural science and industry." ("Selected Works of Marx and Engels," Vol 4, p 222) Facts have proved that with every epoch-making discovery in the field of natural science, materialism changes its own form. The development of science serves as powerful refutation against idealism and agnosticism. There are many tasks to fulfill in world science and technology today, and quite a number of new branches of science have appeared, among which are the new technological revolution that focuses on microelectronic technology and takes bioengineering and the explorations of oceans, the universe, new energy, and new materials as its main components; the theories of system, information, and control; the science of coordination; the theory of mutation; and the theory of dissipation. These theories and branches of science have posed many new subjects to be studied and have provided rich material for study as well. They have helped develop human intelligence and suggest further leaps in the way of thinking.

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# ON 'MONEY IDEOLOGY'

Beijing RED FLAG in Chinese No 22, 16 Nov 86 p 47

[Article by Wu Hao [0702 8504]]

[Text] In a certain school, one of the attendants moved house and asked several students to help. The students at once asked: "How much money would you pay us?" Some of the teachers felt greatly distressed; but there were people who praised this "phenomenon of opening one's mouth and asking for money" as the "beginning of a society with a commodity economy." They then said: "In some countries, it is rude for a person to initiatively offer help to other people."

I am not at all familiar with the conditions in foreign countries, and do not wish to comment ignorantly in this connection. As for the conditions in our own country, this matter of seeking other people's help in house moving is quite usual but it is exceedingly rare for the person who is approached for help to ask for money in compensation. Our party has taken up the motto of serving the people and has taken this as our moral foundation in educating the people and training up the next generation. The man-to-man relationship in socialism is built on the relations of mutual help, friendship, and love on the foundation of the public ownership system. Even though this point has not yet been accomplished it will definitely be so accomplished from now on. In the narratives of Lei Feng taking pleasure in helping other people, Jiang Zhuying working hard until death, and each and every warrior on the battle-front in Laoshan willing to sacrifice himself for the happiness of the billion people, it seems nobody was ever heard to have stretched out his hand and asked for money or for a price. Even in real life today, when there is a call for blood donations many people gladly roll up their sleeves and stretch out an arm for the purpose. And when there is a call for tree-planting, even small children take up the cudgel or water bottle to help. In cases of urgency and difficulty, if those who could help other people should open their mouth and ask for money in compensation, what kind of a world would this be!

Although we do not quite understand the situation in foreign countries, we still know a little about the conditions of foreigners in China. If we do a good deed to them, or provide a little convenience, as small as saying a good word or as important as saving a life, all we frequently hear is what

Ah Xin said in the narrative "Thank you!" And we have never heard of any "foreign gentleman" considering offering help as "rudeness." To blindly surmise about foreigners and then use this surmise as a basis for comments is indeed a sort of superstition, besides being ignorance of the real situation.

If it is said that due to the commodity economy not having developed in our country and the conservatism of a small farm economy our people have relatively lacked the value concept, then this is entirely correct. This is principally shown in our people being fond of doing big things and always looking for high merit, being dilatory in action, disregarding the cost of production or the eventual benefits, or refuting the role of material interests and unduly magnifying the role of the spirit. But for the sake of developing socialist commodity economy, this type of concept must be rectified. As for money, we cannot and should not be like some of our ancestors as considering it to be merely spreading a "bad metallic smell." Indeed, we must make a renewed appraisal of its role. So long as a commodity economy exists, money, equivalent to things at equal value, cannot be abolished. Moreover, in daily life, the purchases of daily necessities, children going to school, buying of additional household furniture or of television sets, all require the spending of money. Due to the deep effects of Confucianism, in the past some people considered money to be dirty and simply detested such "mere things." Naturally, it would not be correct to adopt, without making a due analysis, such a negative and contemptuous attitude toward money. Nonetheless, conversely, we cannot, for the sake of developing commodity economy, jump from one extreme to the other, and take "money to be all powerful," that it can do anything and that everything requires money in exchange. Aside from the money relationship, between man and man, there must be something else which is purer, more attractive and more serious. This is particularly so in a socialist society.

The outstanding contradiction in real life is that certain people, when spending their own money, are extremely calculating, meticulously careful and truly on the level but when spending public money of the state or of the collective, they are extremely careless, extravagant and never feel a bit concerned. We have often said that the Chinese people have been known throughout the world for their diligence and frugality. But so far as certain people are concerned, these good virtues are manifested only in their family life and personal spending. But when it comes to spending public money, even wealthy foreigners have failed to measure up to their extravagance. If you do not believe this, then you may take a look at the feast table, or the travel centers, or the rest sanatoriums, or the buildings which some people have spent public money to build for themselves. You will then be convinced that all this is true. Indeed, how should we assess this kind of "money ideology"?

Renovation of concepts is necessary. The concept of money should also be renovated. But we must not follow the fashion of the time and renovate everything. Renovation must produce something new, good and useful. If what it produces is new but not good or is useless, then what is the use of renovating? Regarding former concepts, a careful analysis is also necessary.

If they are good and useful such as seeking truth from facts, being diligent, studious and fond of learning, feeling joyful in helping others, and so forth, they should be inherited and allowed to prosper and grow. They are the traditional virtues. Our people must have our own fundamentals for existence. If everything must be renovated and everything must follow the fashion of the times, then it would be a mere rush to precipitate action and may cause the deterioration of our race. Therefore, the "renovation" on the part of the students asking for money when the school attendant sought help in house moving could well be dispensed with.

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NEW FIELD OF VISION OF A CHINESE VILLAGE WOMAN--READING 'LADY OF PARIS'

Beijing RED FLAG in Chinese No 22, 16 Nov 86 p 48

[Article by Zhou Tonggan [0719 2717 3227]]

[Text] A short story claiming that a plane hijacking which rocked the world could stir up a mighty uproar in an unheard of village in eastern China would seem to be highly incongruous and contain a lot of fabrications, but, upon reading, the story was found to be smooth reading, tactful and reasonable. Xia Jiangyong's new short story "Lady of Paris" bares its discoveries of the intricate nature of life and vividly depicts the changes in the complex international relations. As for its effects on the Chinese peasants after their liberation, its narration of several country women whose husbands were abroad making a living, the book pleasantly reveals that reform and opening to the outside world have produced, deep in China's peasant villages, subtle and at the same time astonishing changes: The becoming of reality of Chinese country women opening their "vision to the world."

Xiao Duo should be thought of as one of the intellectual women in the new rural villages. She has a slight knowledge of the common things in life such as the phenomenon in physics of "sound and picture not in unison." She also roughly understands the geography in a world map which certain village cadres keep in their homes as adornment to show off their wide knowledge. Unfortunately, she suffers the same destiny, traditional of Chinese country women, of being a mere "housewife" and taking care of chickens and children in the home. This means that after her marriage all her knowledge becomes mere recollections of a beautiful past. But "a sudden gust of favorable wind" has brought about the economic reform and the opening to the outside world and has made it possible for the lower levels of people such as masons and carpenters to go "abroad." Following it, the attention of the families and wives of these persons has been attracted to "far-off countries." Thus, Xiao Duo has a golden opportunity to make use of her wide knowledge. Egypt, Malta, Pakistan, Israel's invasion of Lebanon, conflict between Libya and Egypt, war between Iran and Iraq, and 10th anniversary of the war in the Middle East, Cairo time, Beijing time, Karachi air route, test-tube babies, China's exploratory team to the South Pole, the Ke Ma Nei Ji type of hair fashion...when these unfamiliar terms are blurted forth in an unceasing manner from the mouth of a country woman, naturally they attract the wonder and admiration of the usually ignorant village folks. They attract the



admiration and respect of her straightforward and warm-hearted woman companion "Luan Zi," whose husband is also earning a living abroad. But they also attract the jealousy and ridicule of the wife of the village head who is uneducated but self-important. They also attract the taunting and sarcasm of the sleek and mischievous individual entrepreneur Tian Bao, who has harbored a grudge against her. All these manifestations and Xiao Duo's really limited knowledge herself, such as mistaking, from a televised news broadcast, the hijacking of an Egyptian passenger liner on a flight starting from Athens, for the same plane her husband is scheduled to take on his way home, cause a series of waves which follow each other in increasing severity. In order to look for a world map to make clear the geographic location of the countries concerned and the plane's flight route, she risks her life by going into the bottom of a century-old dead well to salvage an old map, not knowing this is a dirty trick of the wife of the village head. But Xiao Duo and "Luan Zi" who followed her into the well have finally gone through a symbolic psychological evolution when eventually emerging from the frightful darkness in the bottom of the well to the brilliant sunlight outside.

Naturally, in comparison with the degree of the shock caused to the world by the plane hijacking, these events are at most in the nature of several ripples but just because they are ripples in a pool of still water, they are well worthy of our attention. After this false alarm, Xiao Duo deeply deplores her own insufficient knowledge. She deeply repents not having earlier bought a world map, although at first she felt that a map of the world should be the decoration item on the walls of a high-class household and scarcely has a place in the home of a "Lady of Paris" ("Paris" in the local dialect carries the same sound as bricklaying or masonry work). But as the saying goes, "knowing one's defects brings courage," and Xiao Duo firmly believes that in the course of time she will come to know things that she ought to know. As for "Luan Zi's" admiration and respect for Xiao Duo it is a clear case of craving for something that is advanced. The jealous ones also manifest their shallowness, as can be seen from the description of the awkward but conciliatory posture of the wife of the village head, but she likes to be modern just the same. Needless to say, as for the individual peddler Tian Bao, the economic law itself commands that he cannot but pay regard to "today's China and world."...All these delicate descriptions of the frame of mind of different individuals bring a piece of news endearing to people, that is, that the great tide of opening to the outside world and reform have lashed and rocked the unknown villages in China's rural areas and that the reasonable crux of the fervent slogan of some 20 years ago of "though living in a thatched hut one still turns his vision to the whole world" is now truly a conscious and unconscious concrete act of China's peasant folks. Hence the ripples in the deeper layers of life can still make us happy.

The news carried in the "Lady of Paris" about new life in the rural villages is encouraging and heartening and due commendation should be given to the author. The writing in the story is simple and interesting, the rhythms are tense and slowly rendered, and the author does not seem to have the same difficulties of most story writers of having to painfully organize and think out the events, since, as seen from the vivid presentations of life at the

deep level, he must have had a full comprehension and discovery of life at the deeper level. His presentation of the perverted psychology of the wife of the village head is well to the point and his description of the psychology of Xiao Duo and "Luan Zi" thinking of their husbands abroad is vivid and well illustrative of the atmosphere of new life in the rural villages. The work is far different from the usual run of narratives which though being so-called "penetratingly descriptive of life" only make a fleeting and skin-deep presentation. Hence, it seems that we can say that the singular and full understanding and discovery of life on the part of the author of the "Lady of Paris" has provided us with a new angle for looking at and understanding life.

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NOT STICKING TO OLD WAYS, DARING TO BLAZE NEW TRAILS--REVIEWING 'CONTEMPORARY WORLD HISTORY'

Beijing RED FLAG in Chinese No 22, 16 Nov 86 inside back cover

[Book review by Wu Youfa [0702 0645 3127]]

[Text] For quite a long period in the past, the study of contemporary history was a no-go area in historical science, and very few people dared to enquire into it. Also, the history and political specialities in tertiary institutions have never had standard contemporary world history teaching materials. These circumstances far from accord with the situation of our nation which is engaged in the four modernizations and opening to the outside world. The "Contemporary World History" textbook which has been compiled by Professor Li Zhinon [2621 2784 2809] and Assistant Professor Gao Mingzhen [7559 2494 2182] and published by Wuhan University Press, fills the gap and has thus been very well received by workers in historical studies and teachers and students in tertiary institutions.

The most outstanding characteristic of this book is the new style and layout. In the past, people usually saw world history as a sum of the histories of various regions and various countries and the layout of most world histories was according to country or region. However, the contemporary world is different in many ways to the world before the war. First, following the swift advance of modern science and technology, the relationship between countries and between regions have become closer and of a more frequent nature. Second, the contemporary world has developed in a direction of multipolar politics, and at a very high speed. In order to reflect these characteristics of the contemporary world, the authors in compiling the book have attempted some new things in terms of layout. They have changed the method of compilation based on countries and regions and adopted a multi-level layout structure based on the stages and problems of historical development, with many sections each of which deals with a short time-span. In this way, the book reflects quite well the close relationship between countries and between events, the sequence and process of historical development, the integral nature and strong rhythmic feeling of contemporary world history and quite faithfully reflects the actual features of the contemporary world.

On the basis of this layout, and in order to better reveal the objective laws of contemporary world history, the book takes the postwar world as an entity

and carries out a comparative examination of the situation as a whole. The book pays attention to the relationship between vertical development and lateral relationships and puts stress on carrying out comprehensive analysis of the contemporary world through transverse sections. It grasps the various basic contradictions in the world and the developmental evolution of the major contradictions in various stages. Through narrating the major historical events in each stage, it reflects quite well the political, economic, military, diplomatic, scientific, technological, cultural and ideological situations in socialist countries, capitalist countries and developing countries, and it grasps from the macro-angle the general trends and general sequences of historical development. That is, it shows that, although the contradictions in the contemporary world are complex and the situation is constantly changing, the world is developing along the historical main trend toward peace, democracy and progress. At the same time, this book also stresses the diversity and unbalanced nature of historical development, that is, it stresses the special nature and individuality of the historical development of the various countries and various nations. In this way, by combining the macro-view with the micro-view, the book allows us to gain an overall understanding of contemporary world history.

This book is rich in contents. In its time scale, it spans the period from 1945 to 1985. This is a first for a domestic book. World history is a rich and diverse drama. The contemporary world has a multipolar political structure and all countries and all regions are continually developing. The people of all countries have, to differing degrees, a certain position on the international stage. This is especially so of the important role played by the countries of the Third World who have become a major force in restricting war and maintaining world peace. This book does away with the "Eurocentric theory" and the "theory of big powers as the center" and gives much space to reflecting, as well as possible, the features of Third World countries, fully affirming the position and role of these countries in contemporary world history. Another major characteristic of the contents is that they put China within the framework of overall contemporary world history, changing the practice by which Chinese writing on world history has always put China apart or used it as a comparative contrast. This allows the contents of the contemporary world history to be more substantial and more complete. The writers have fully affirmed and recounted the international significance of China's revolution, the position and role of China on the international stage and the rural and urban economic reforms which have been carried out in the last few years. This book is linked together through the principle of seeking truth from facts, pays attention to analysis and does not arrive at arbitrary conclusions. The materials are quite new and all efforts have been made to absorb the newest scientific research results from China and abroad. It is a good textbook worthy of recommendation.

This work also has some shortcomings. It has attempted some new things in terms of layout but some parts require further analytical studies.

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